

**ZEAL**

# COMPANY OVERVIEW

November 2023



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL

# CONTENT



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

**~€ 730m** market capitalisation

**€ 286m** for good causes

**161** employees

**€ 32m** EBITDA 2022

# COMPANY STRUCTURE

## Business divisions

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

# ZEAL

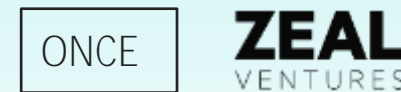
## German Lottery broker

Leading German online provider of state licensed lottery products



## Lottery partnerships/ventures

State lotteries/charities External investments/Internal incubation



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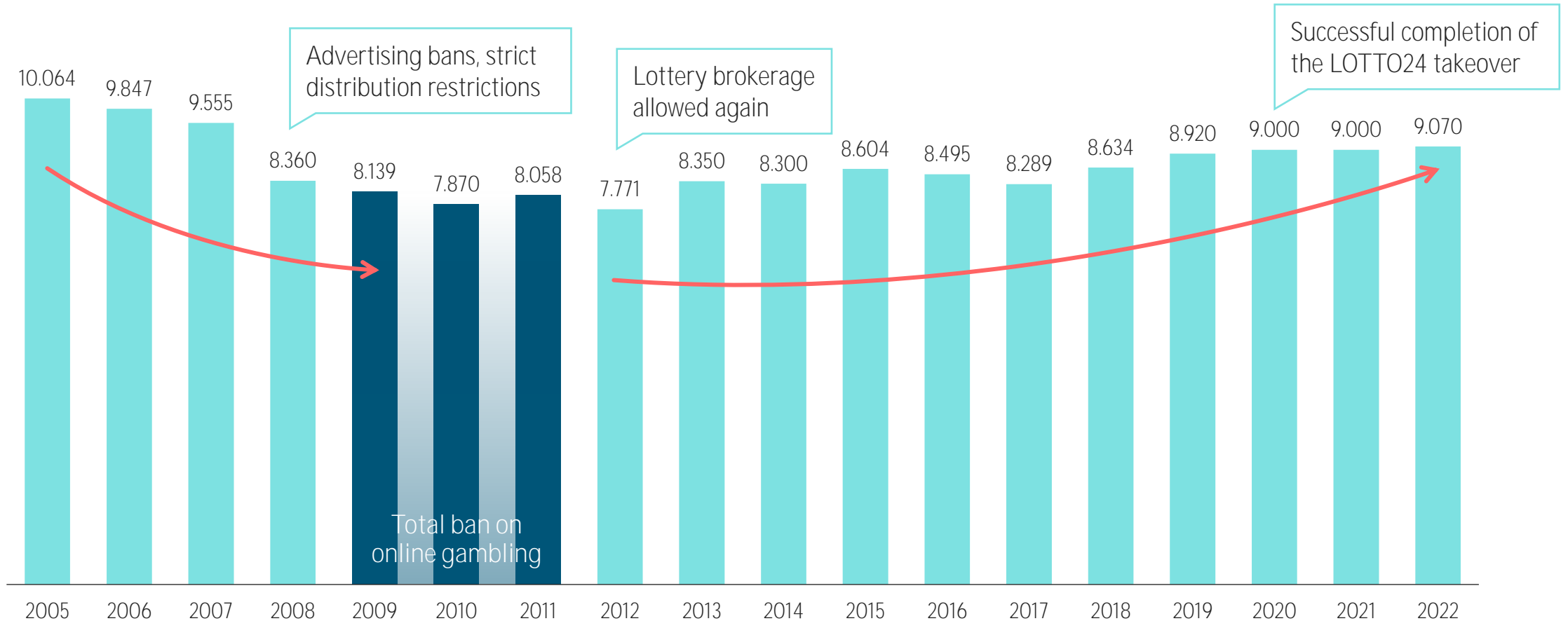
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# VERY STABLE LOTTERY MARKET IN GERMANY (IN € K)



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 penetration<sup>2</sup>

39%

2021

€ 1.7 billion =  
21% online penetration<sup>2</sup>

41%

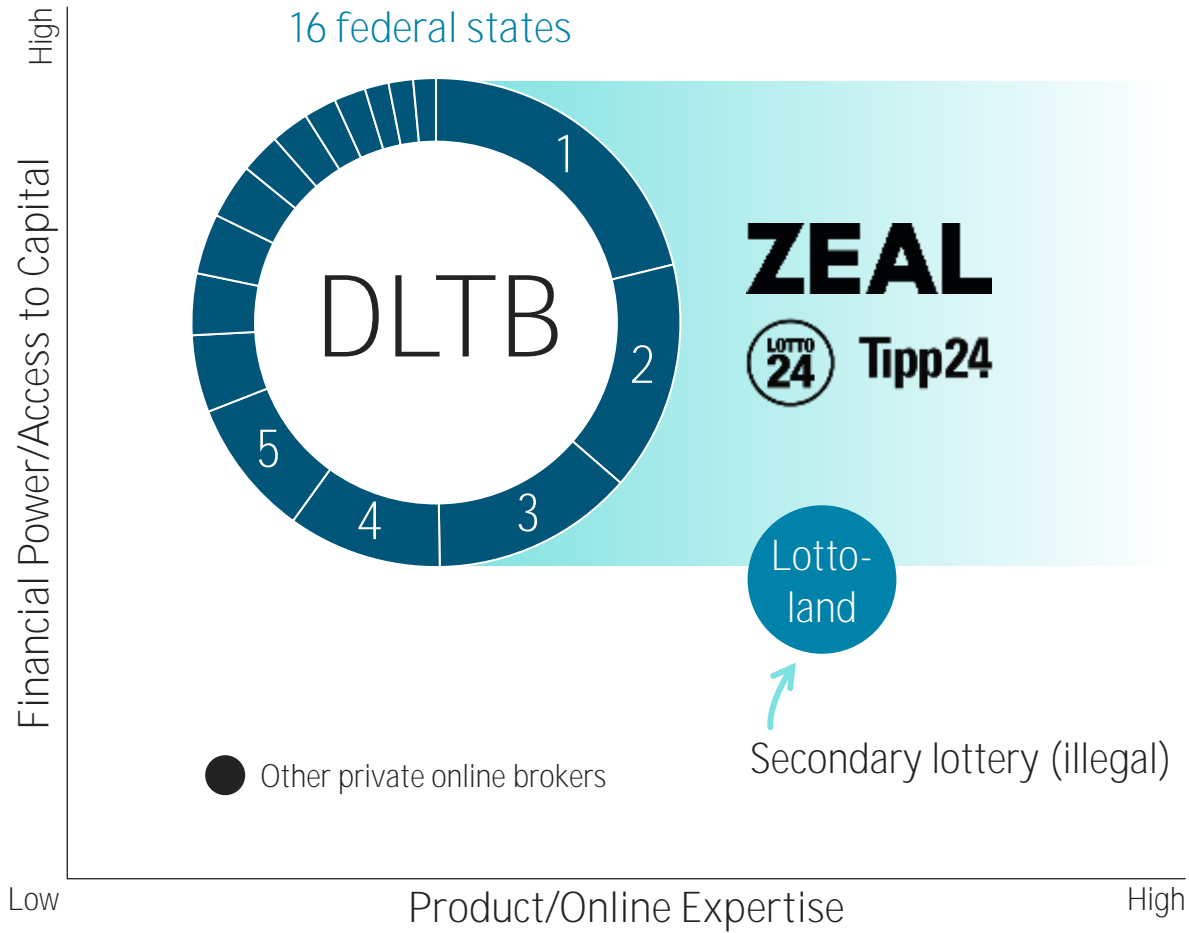
2022

€ 1.9 billion =  
23% online penetration<sup>2</sup>

<sup>1</sup> 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)

<sup>2</sup> 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
- Other competitors either small or without necessary permit

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

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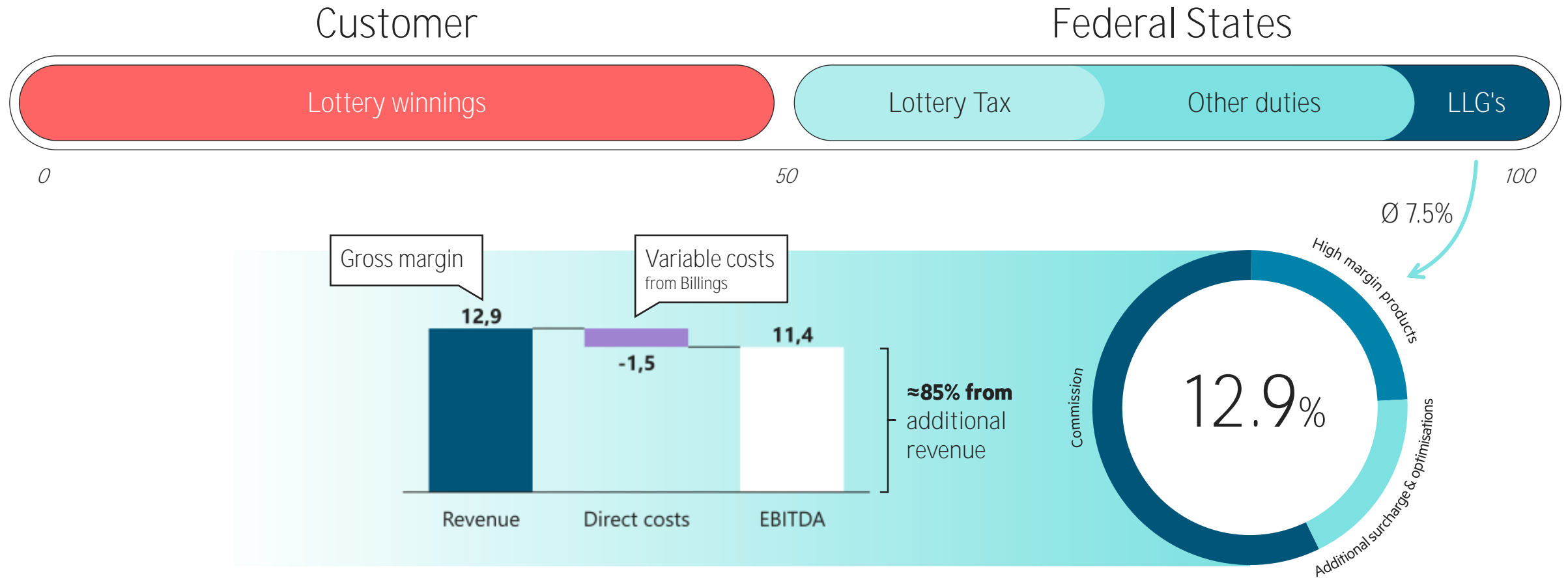
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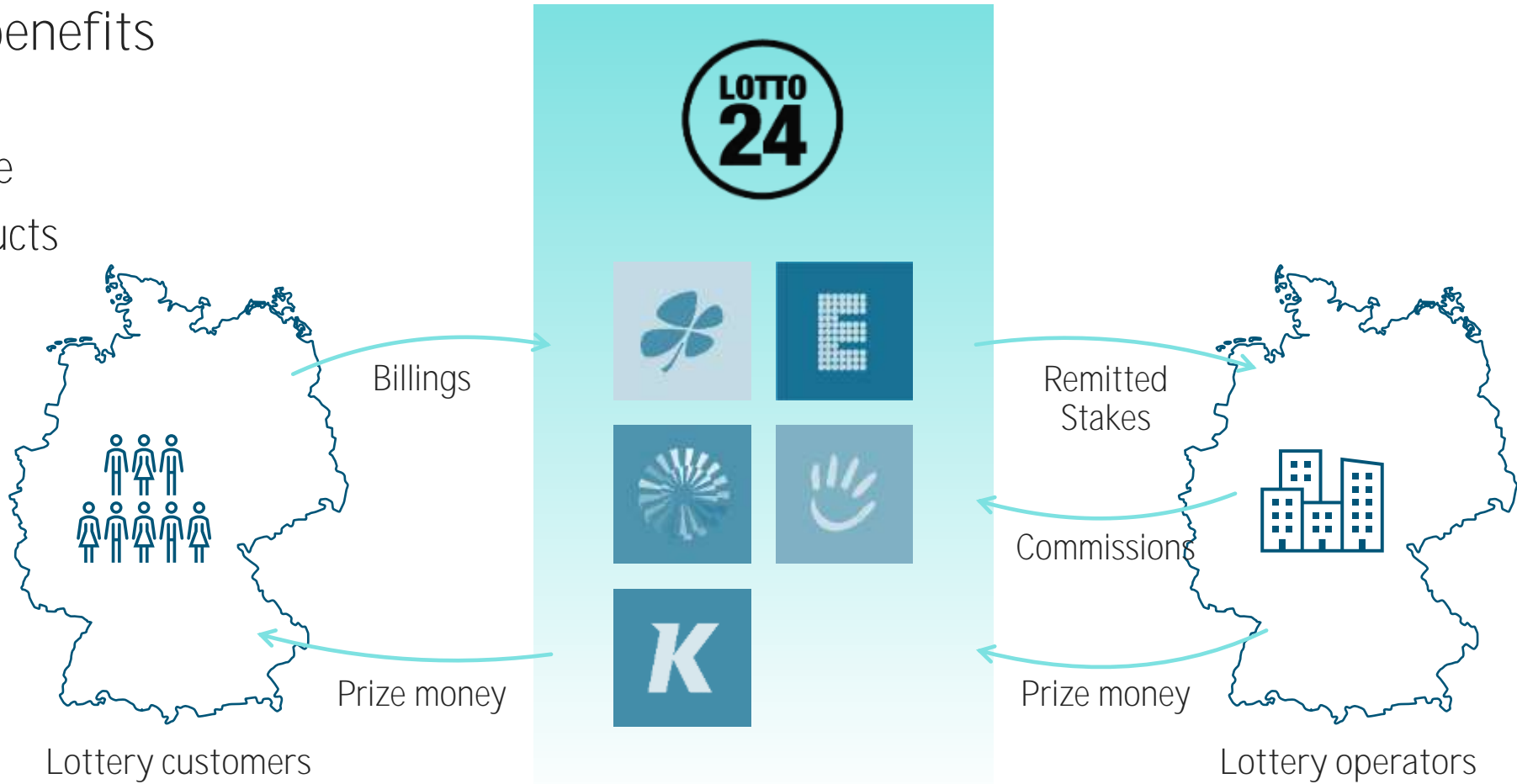
# SCALABLE BUSINESS MODEL – EBITDA EFFECT WITH ADDITIONAL € 100 BILLINGS



# 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

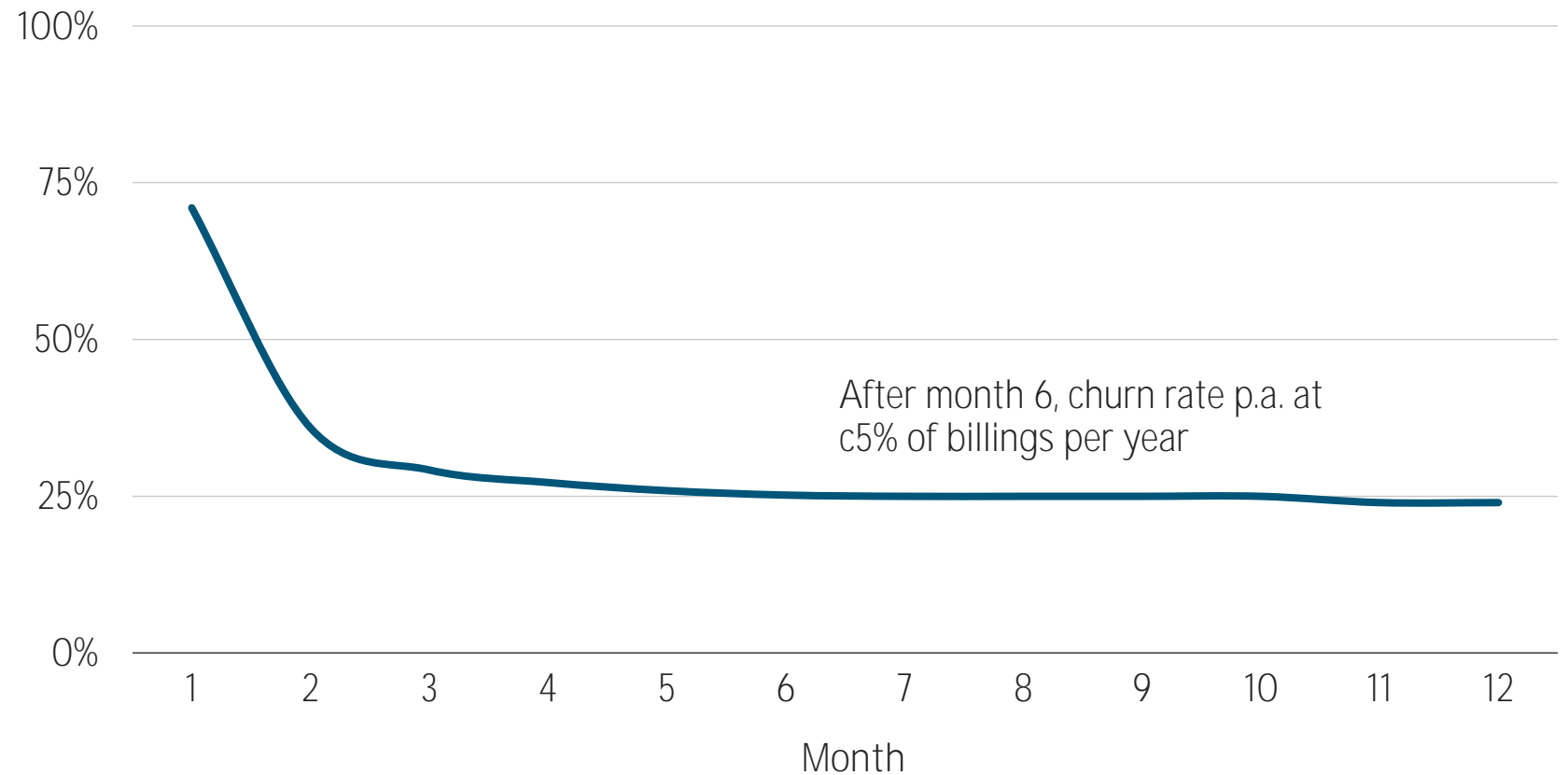
- Available anywhere anytime (24/7)
- Secure – no risk of losing the ticket
- Automatic price notification & price collections
- Strong web, mobile and apps experiences
- Data driven recommendations and CRM

# HIGH CUSTOMER RETENTION RATE

25%

High billings retention rate after 6 months

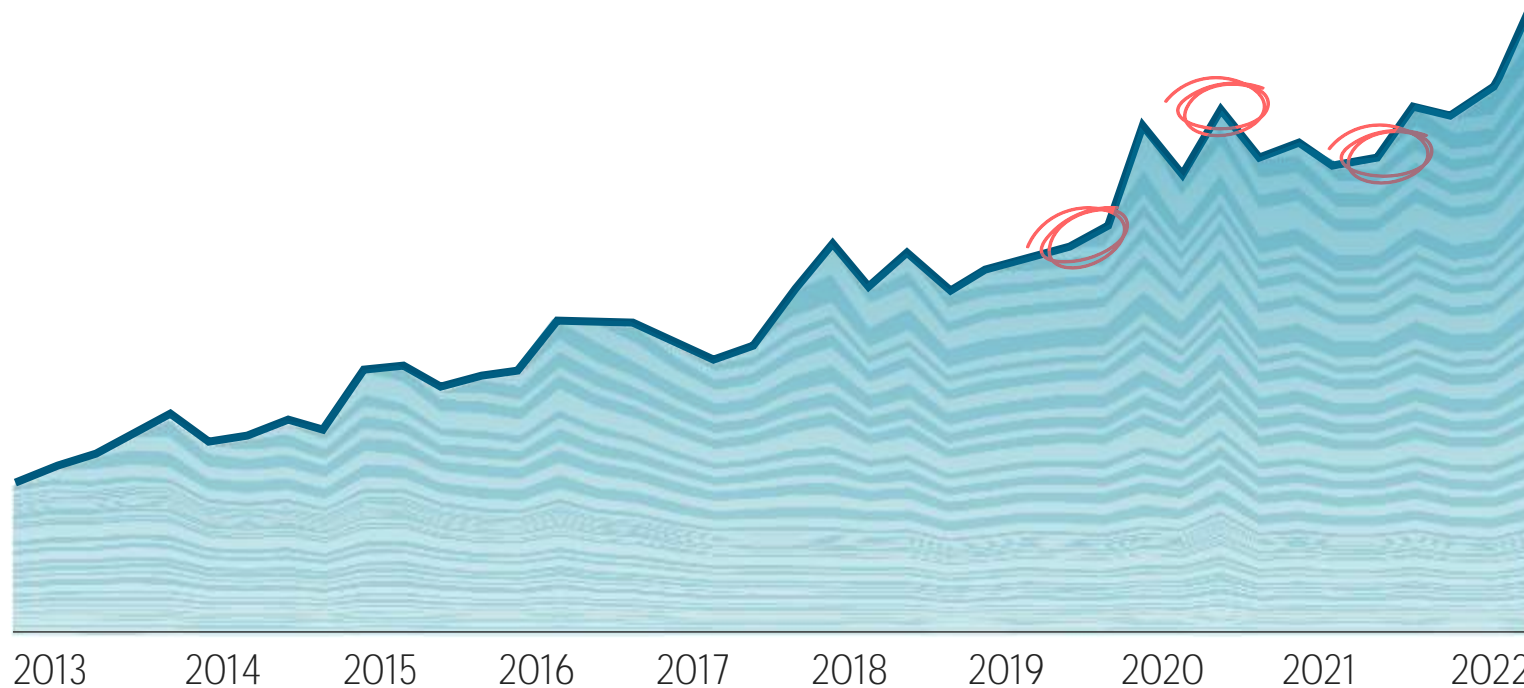
Billings Retention rate per registered customer cohort in month after registration



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

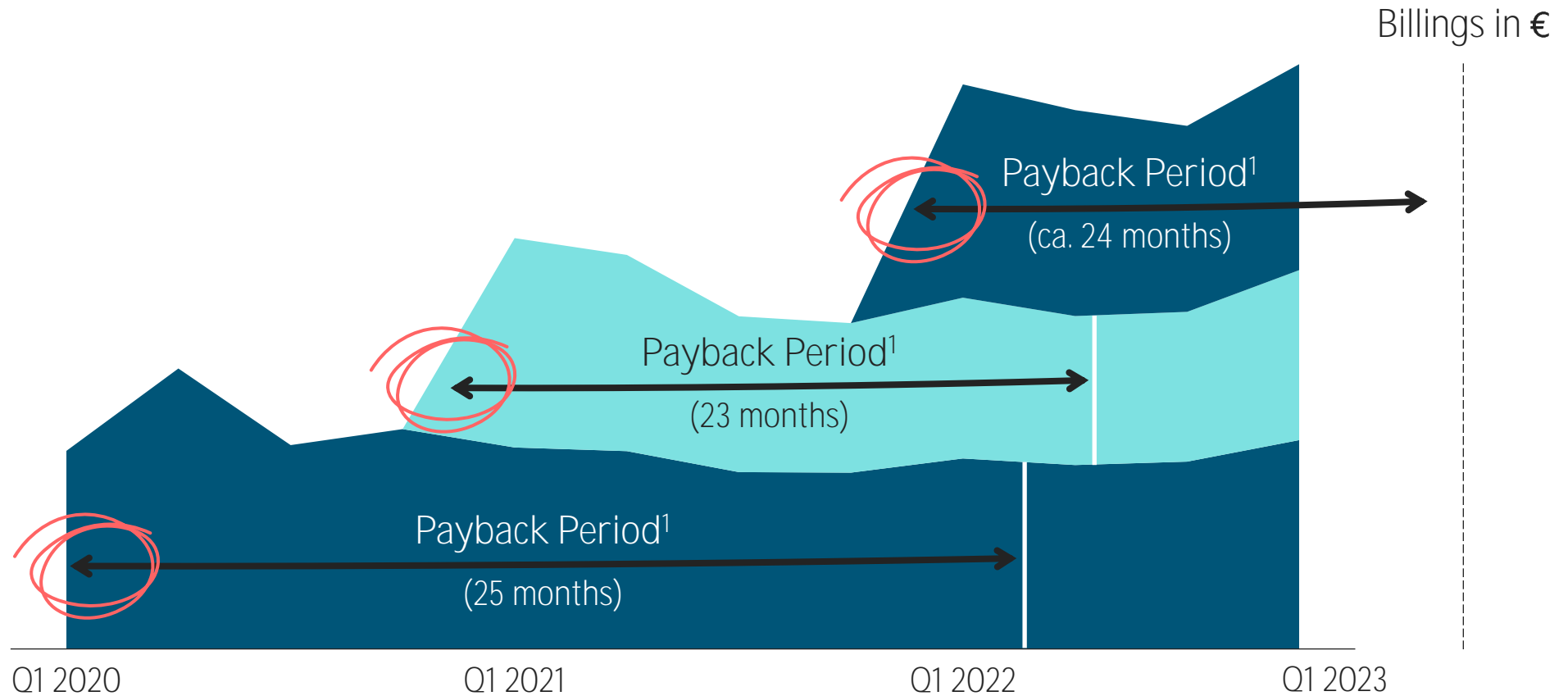
average payback period

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



# DEEP DIVE INTO SPECIFIC CUSTOMER COHORTS

## - PAY ONCE - EARN FOREVER



<sup>1</sup> Calculated payback period based on official online lottery brokerage business

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# PROMISING LONG-TERM MARKET POTENTIAL



**€2bn**

ZEAL's ambition

50% Online Market share

**€4bn**

expected online market size

50% expected online penetration

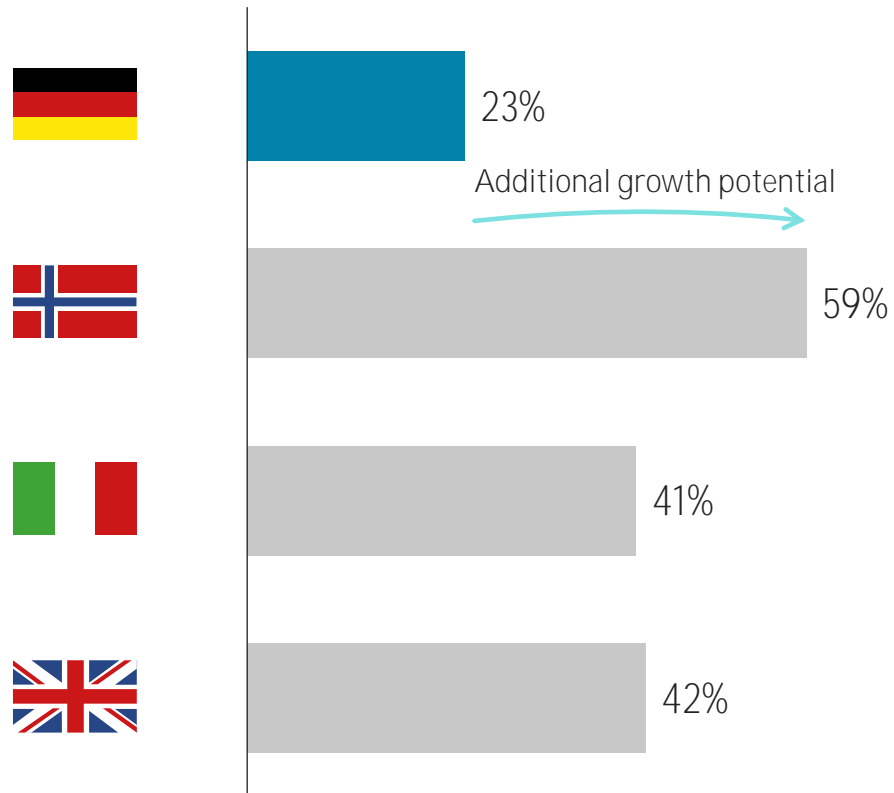
**€9bn**

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

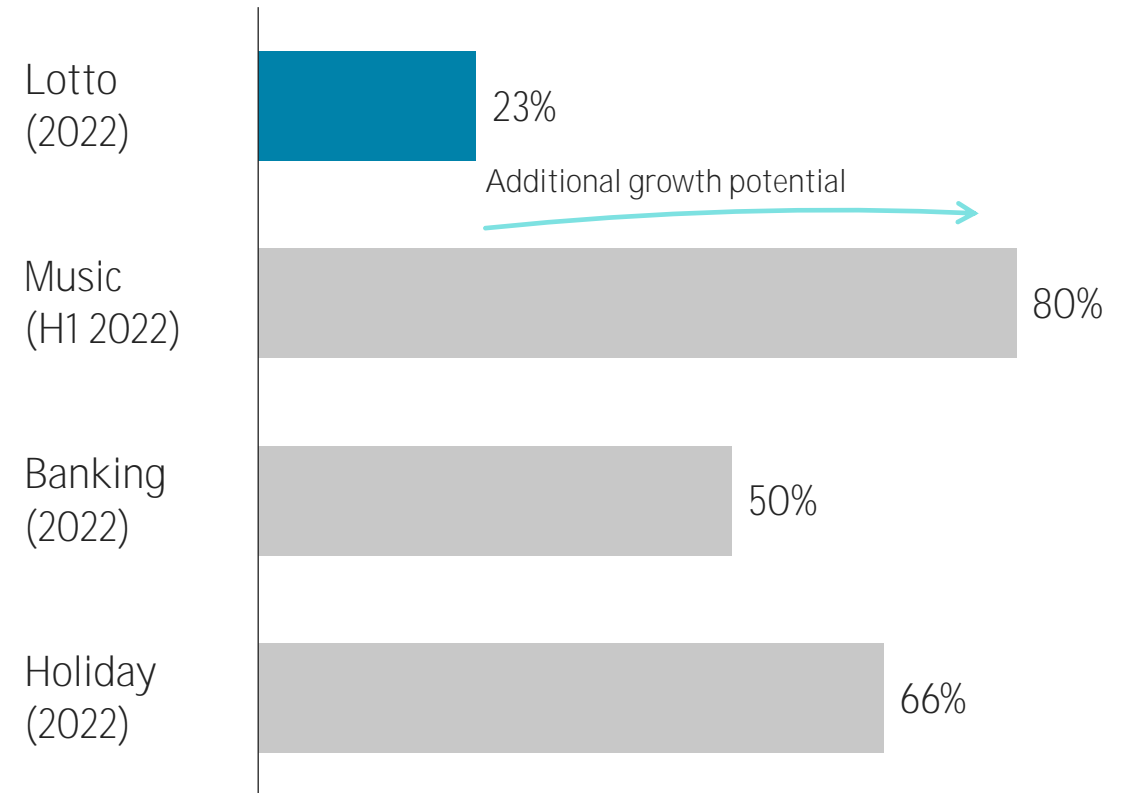
# ONLINE MARKET PENETRATION IS STILL COMPARABLY LOW

## Online lottery penetration by countries (2021)



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

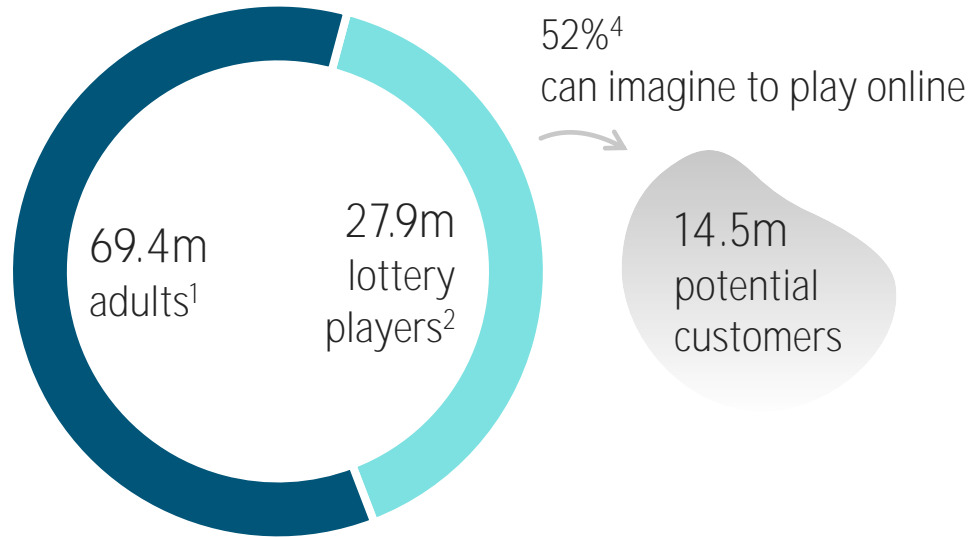
## Online penetration in selected online industries



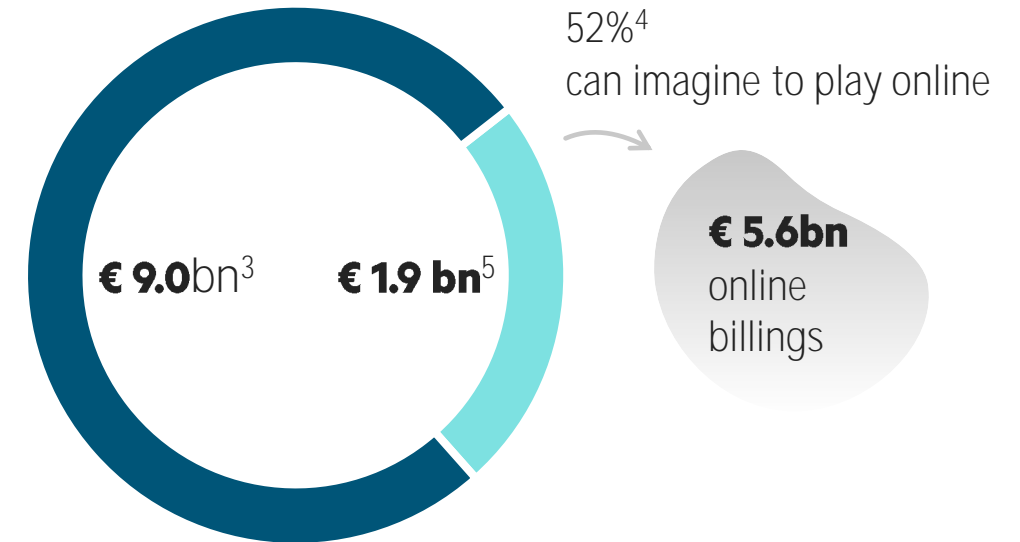
Source: statista, VIR Daten und Fakten 2022, BVMI Musikindustrie in Zahlen 2021, German Association of State-Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«), German Lottery Association (»Deutscher Lottoverband, DLV«)

# ONLINE LOTTERY MARKET OPPORTUNITY

## Customers



## Billings



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

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

1 Statistisches Bundesamt © Statista 2022, „Bevölkerung – Zahl der Einwohner in Deutschland nach relevanten Altersgruppen am 31. Dezember 2021 (in Millionen)“ | 2 According to IfD Allensbach © Statista 2022, „Anzahl der Personen in Deutschland, die Lotto oder Toto spielen, nach Häufigkeit von 2018 bis 2022 (in Millionen)“ | 3 According to Goldmedia „Glücksspielmarkt Deutschland 2020“, Juni 2020 | 4 According to own Brand Tracking November/December 2022 | 5 According to information of the German Association of State-Lottery Companies

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# 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 BUSINESS ON TRACK

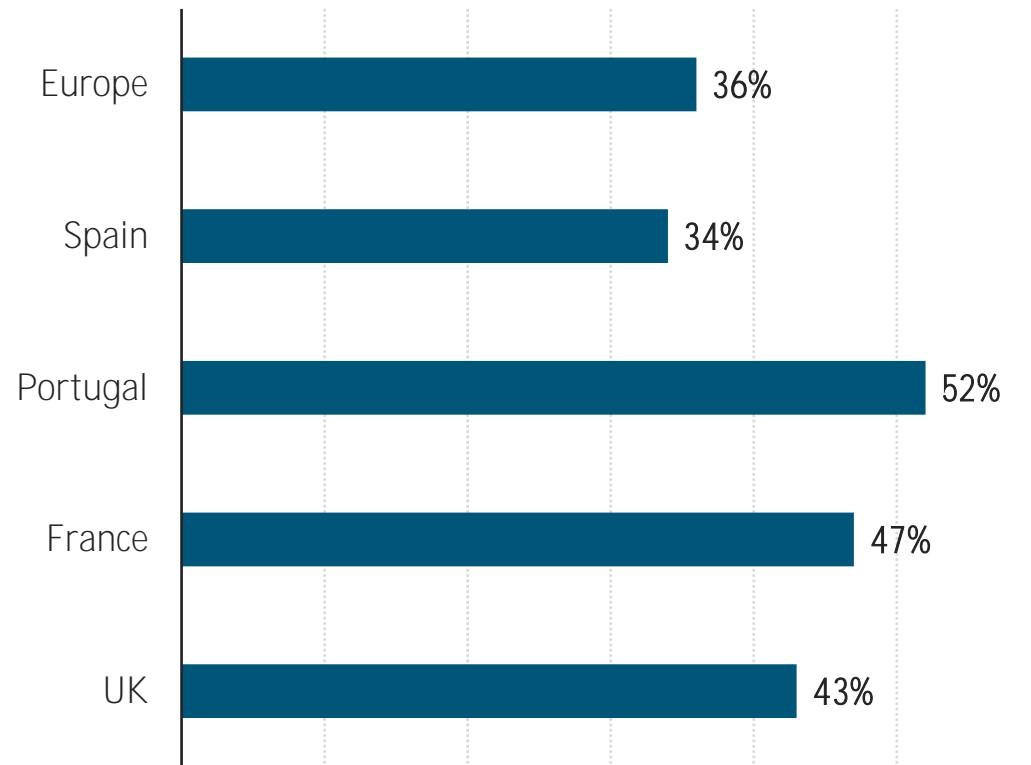


- 🚩 Games business successfully launched  
New Games offer is very well received – full business roll-out in 2024  
ZEAL still frontrunner in the lottery segment among peers with strong opportunity to capture early growth in new market segment
- 🚩 Continuous expansion and refreshing of the games portfolio  
Currently 28 games online - more games will follow in the next weeks, but the authorities are still the bottle neck



# 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

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# GUIDANCE 2023 – CONFIRMED

In €m	2023 GUIDANCE	2022
→ Billings (excl. Games) <sup>1)</sup>	800 – 830	758.4
→ Revenue <sup>2)</sup>	110 – 120	105.2
→ EBITDA <sup>3)</sup>	30 – 35	31.7

- ⊗ Guidance for FY 2023 based on a normalised jackpot situation
- ⊗ ZEAL will make the necessary investments for future growth
- ⊗ Marketing expenses in the range of €34-39m expected for FY 2023
- ⊗ Expected mid-term revenue growth in low double-digit range (CAGR 2022-2027)

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

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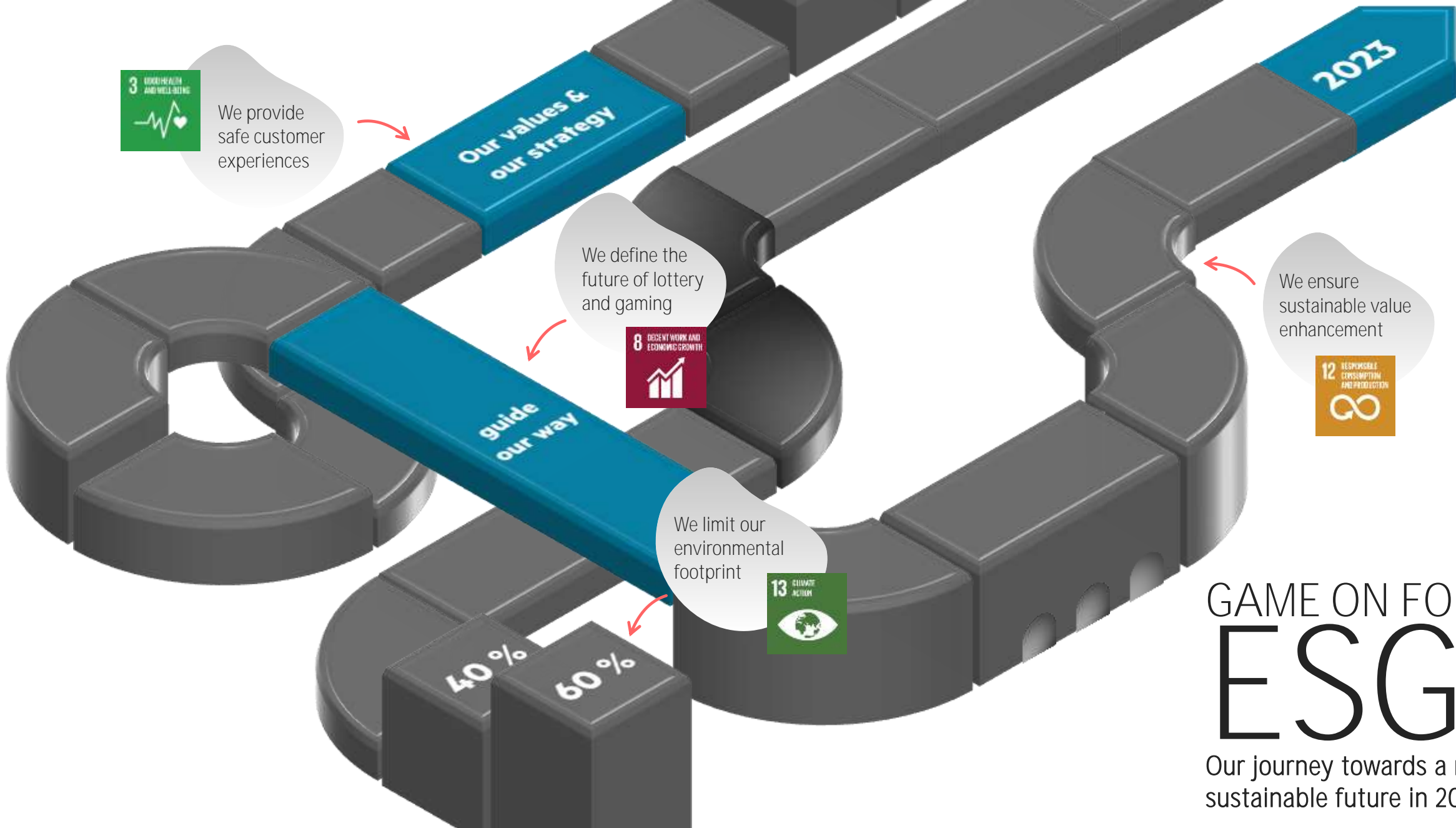
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# GAME ON FOR ESG

Our journey towards a more sustainable future in 2022

# GAME ON FOR OUR ESG TEAM

## SUPERVISION OF ESG STRATEGY & GUIDELINES

Supervisory Board

## STEERING OF ESG STRATEGY & ACTIVITIES

CEO

CFO

CCO

CTO

## COORDINATION & IMPLEMENTATION

Investment Director

Director  
People & Culture

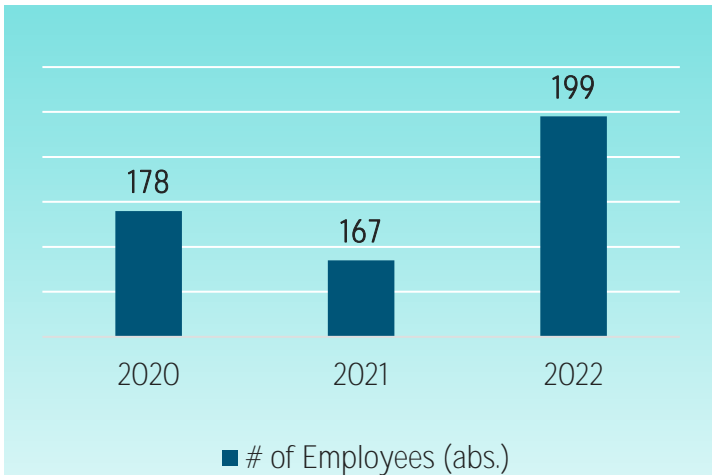
General Council/  
Compliance Officer

Director Security & Compliance

Senior Investor Relations Manager

# PLAY AS A TEAM

Goal: Recruitment, retention and promotion of talent



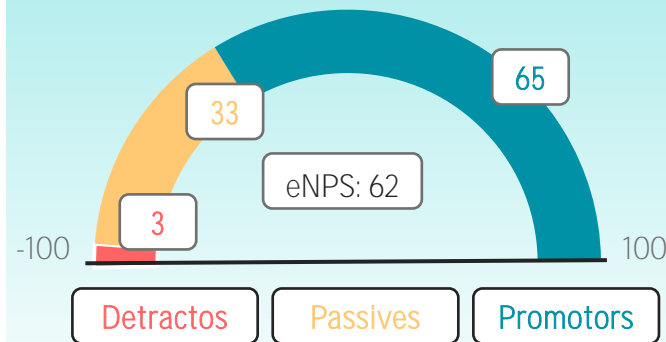
+ 33 more employees to manage our growth

High employee satisfaction – low turnover

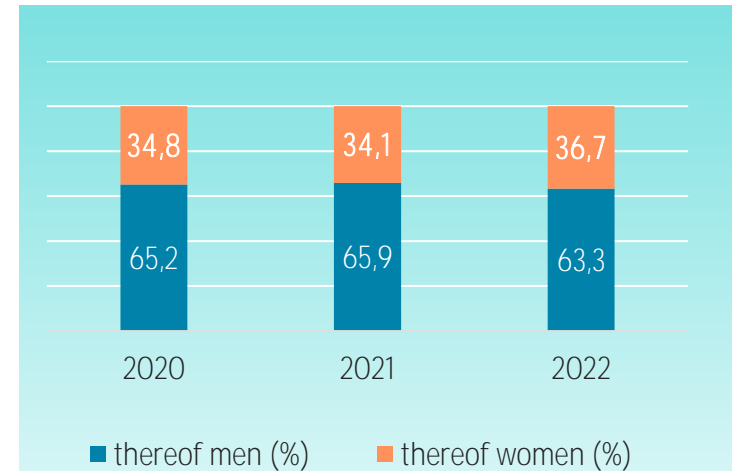
Goal: Low turnover rate

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%

# FAIR PLAY, RESPONSIBLE GOVERNANCE

## OUR GOALS

We significantly strengthen our governance structures. Our measures include

- the establishment of an **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 Games”

“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



# PLAY FOR THE PLANET

## GOAL

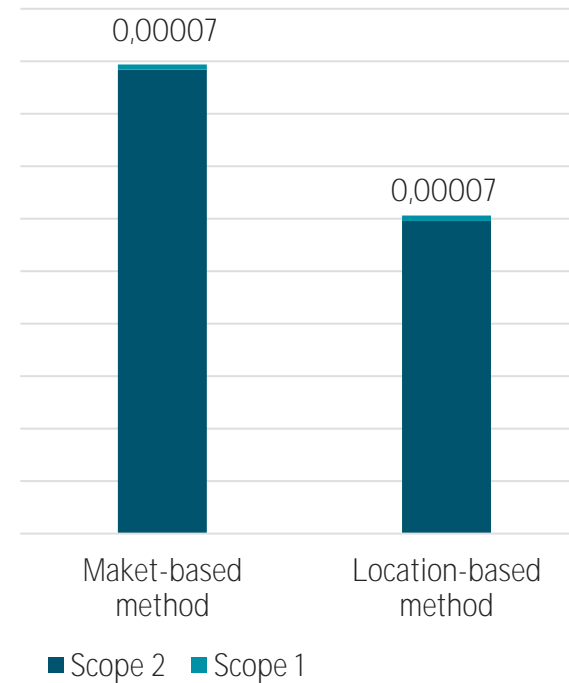
Reduction and compensation of emissions.

Applied framework	GHG Protocol, future Science Bases Targets
Base year	2021
Included greenhouse gas	CO <sub>2</sub>
Scope 2 reporting method	Market-/location-based
Criteria for Scope 3 emissions	8 from 15*
Group-wide reduction target	Net CO <sub>2</sub> neutrality (specific deadline still under discussion)

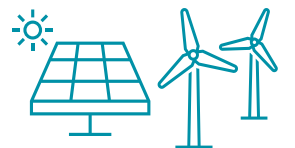
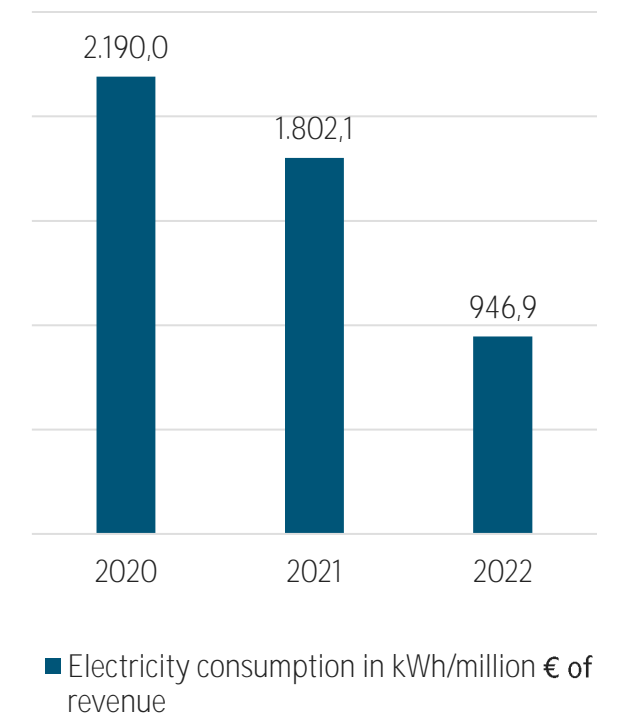
\* Based on the 15 criteria for Scope 3 set by the GHG Protocol

Goal: Measure to manage & limit

CO2 emissions by scope (t)



Electricity consumption



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# MANAGEMENT BOARD

**Helmut Becker** – CEO



New Work (formerly XING)

—  
eBay

—  
McKinsey

**Sebastian Bielski** – CFO



smava

—  
Delivery Hero

**Paul Dingwitz** – CTO



Rue La La

—  
ONE Media Corp

—  
CNN

**Sönke Martens** – CCO



Founder of loftville

—  
New Work (formerly XING)

# 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

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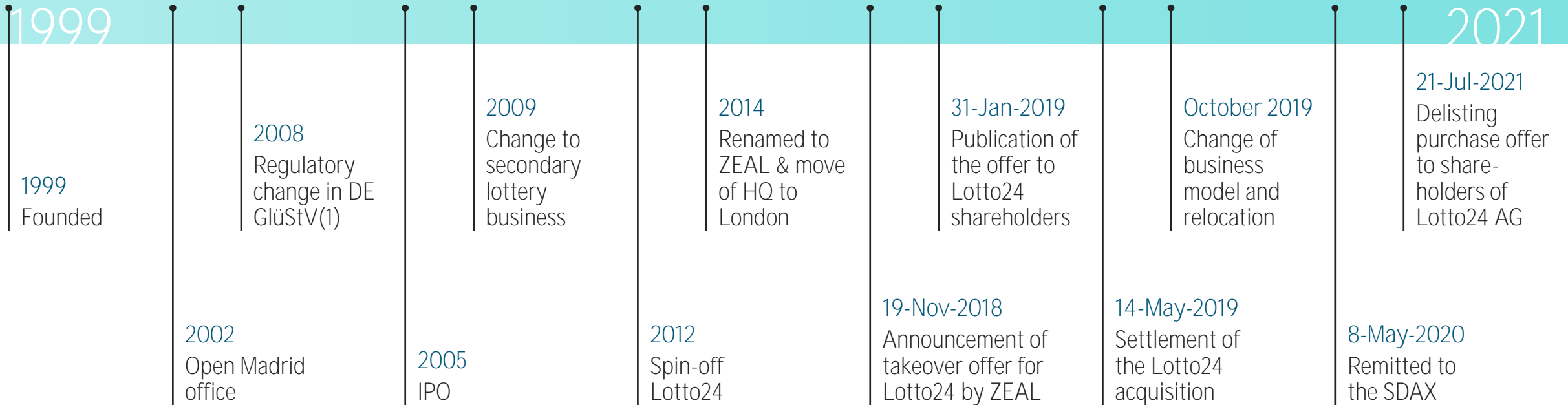
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# APPENDIX

# HISTORICAL DEVELOPMENT OF ZEAL





# SHAREHOLDER STRUCTURE

No. of shares: 22,396,070

Market cap: ~ € 700m

Year-opening price: € 28.00

Dec. 30, 2022: € 28.15

## Security Identification Number/Ticker Symbol

ISIN: DE000ZEAL241

WKN: ZEAL24

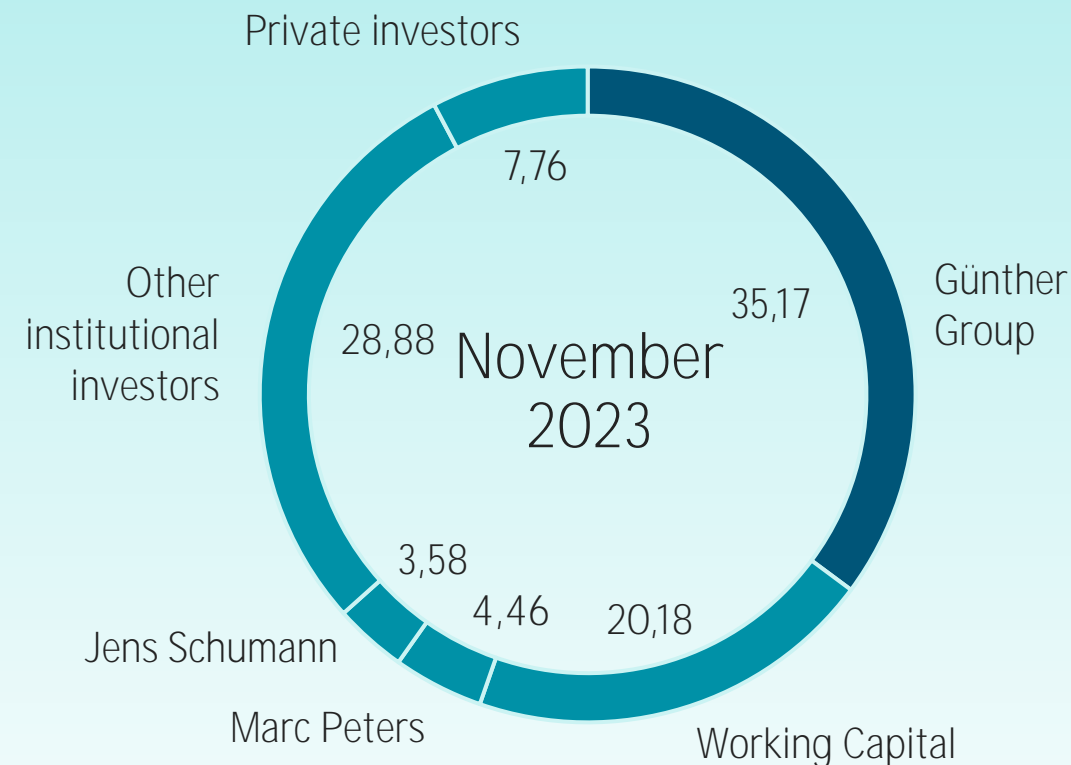
LEI Code: 391200EIRBXU4TUMMQ46

Deutsche Börse: TIMA

Reuters: TIMAn.DE

Bloomberg: TIMA GR

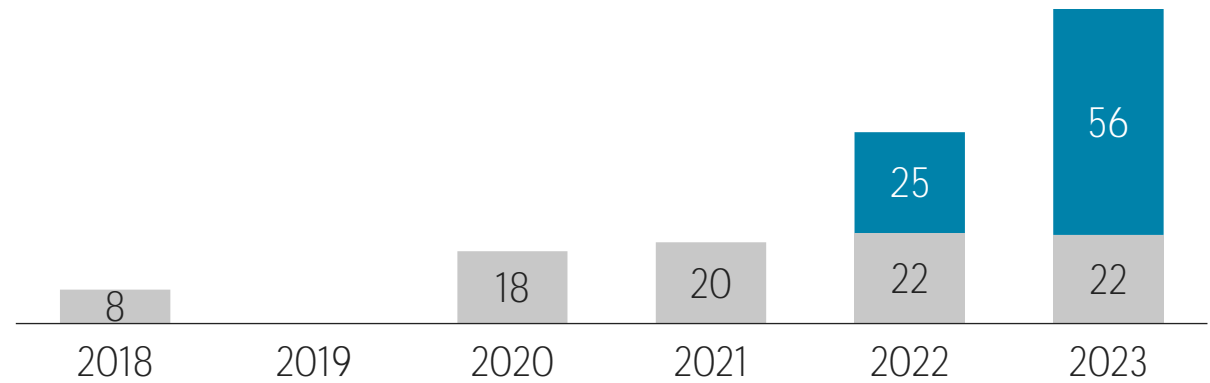
in %



Source: Information from notification of voting rights and company information

# DIVIDEND

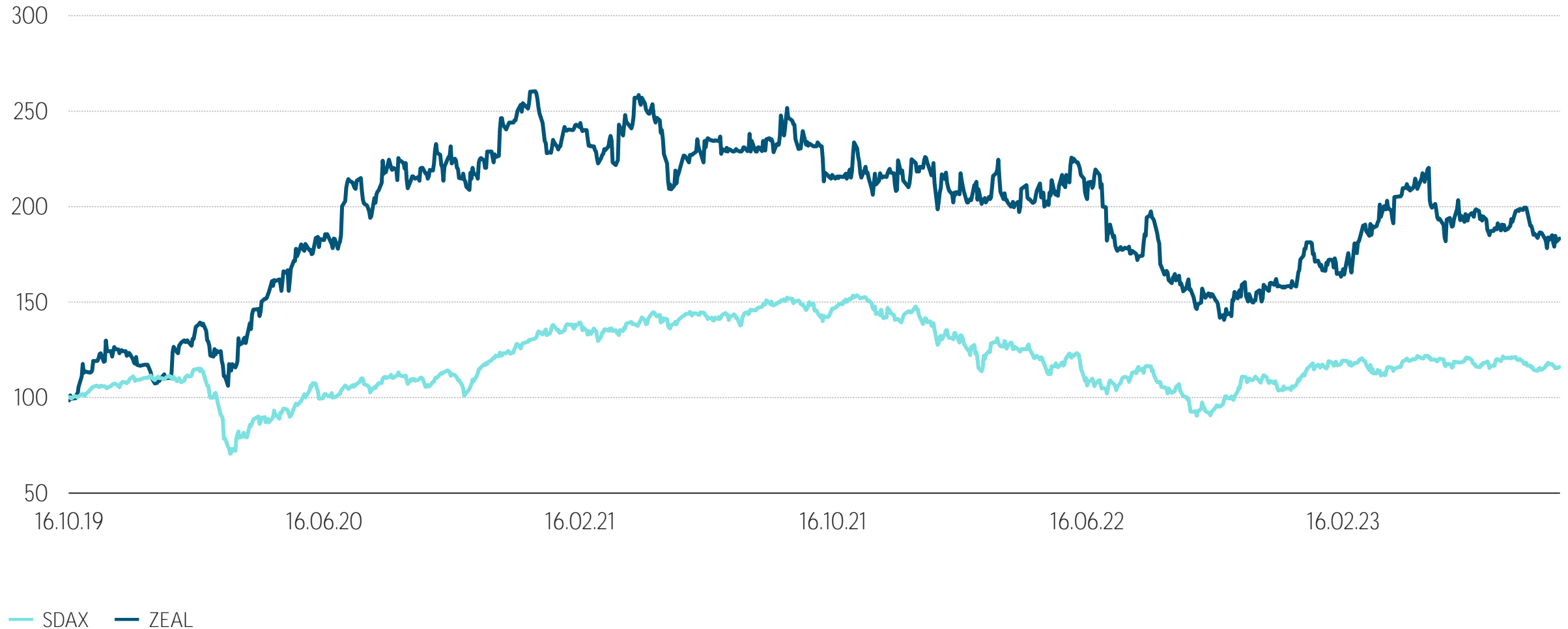
Total pay-out p.a. in € million



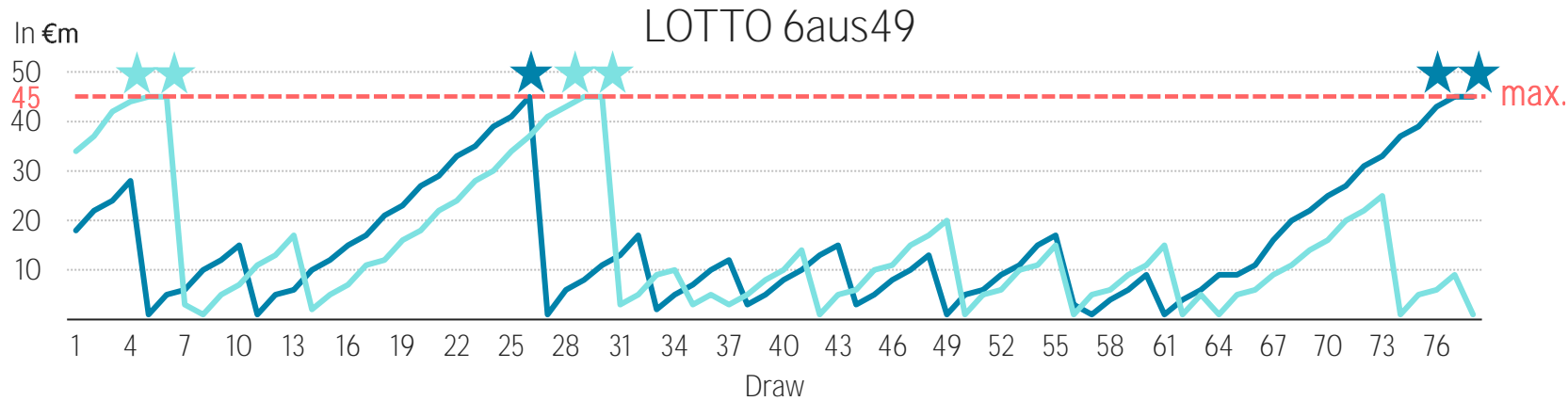
The payment of a further special dividend in 2023 is a next step towards optimising the company's capital structure.

- Base Dividend
- Special Dividend

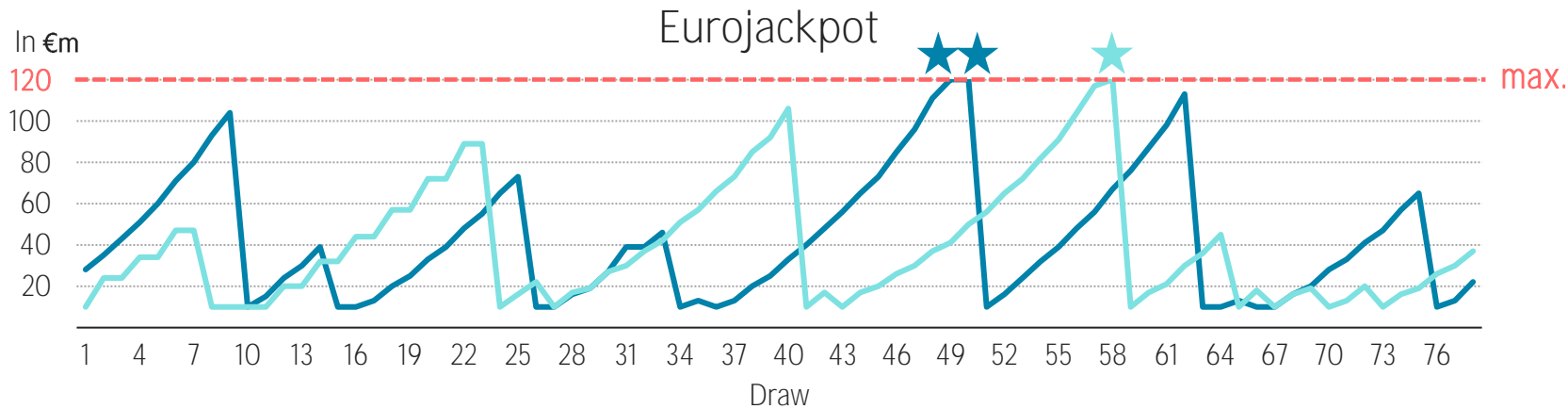
# SHARE PRICE DEVELOPMENT SINCE CHANGE OF BUSINESS MODEL



# JACKPOT DEVELOPMENT – 5 PEAKS IN 2023 VS. 5 PEAKS IN 2022



in €m	Average	Peak
YTD 2023	15	3
YTD 2022	15	4



in €m	Average	Peak
YTD 2023	42	2
YTD 2022	39	1

— 2022 — 2023

# CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET IN €K

INCOME STATEMENT	9M 2023 (in €k)	9M 2022 (in €k)	CHANGE (in %)		BALANCE SHEET	30/09/23 (in €)	31/12/22 (in €)	CHANGE (in %)
Revenue	86,012	74,451	+15.5		Current assets	81,430	139,538	-41.6
Total costs of operations	-63,926	-54,573	+17.1		Non-current assets	309,779	320,197	-3.3
EBITDA	23,169	21,993	+5.3		<b>ASSETS</b>	<b>391,209</b>	<b>459,736</b>	<b>-14.9</b>
EBIT	16,639	15,475	+7.5	→	Current liabilities	52,386	44,562	+17.6
Profit before taxes	15,633	15,485	+1.0		Non-current liabilities	73,894	81,137	-8.9
Net Profit	10,094	12,142	-16.9	→	Equity	264,929	334,037	-20.7
					<b>EQUITY &amp; LIABILITIES</b>	<b>391,209</b>	<b>459,736</b>	<b>-14.9</b>

# NEW FINANCIAL KPI'S AND OTHER INDICATORS

	LOTTERIES			GAMES		
	9M 2023	9M 2022	CHANGE	9M 2023	9M 2022	CHANGE
Pay-in (€m.)	503.1	430.4	+16.9%	3.4	-	-
Billings (€m.)	633.2	544.4	+16.3%	16.7	-	-
Pay-in margin (%)	15.8	16.1	-0.3 pp.	35.3	-	-
ARPU (€)	7.65	7.46	+2.6%	19.52	-	-
Gross margin (%)	12.5	12.8	-0.2 pp.	7.3	-	-
RTP (%) *	50	50	-	88	-	-

\* Only Lotto 6/49 and Eurojackpot

## COMMENTS

Billings:

Key figure Billings is not representative for the Games business.

### NEW KPI's

With the new Games business, three new KPIs implemented.

Pay-in:

Deposits received from customers into their customer account for playing the games we offer.

Pay-in margin:

Ratio of revenue to Pay-ins.

ARPU (Average revenue per user per month):

Average revenue per customer attributable to each active customer in a given month.

RTP

Return to player

# BUSINESS UNIT SEGMENT REPORTING AS OF 30/09/23 IN €K

	GERMANY	OTHER	TOTAL
Revenue	82,095	3,917	86,012
Other operating income	1,083	0	1,083
→ EBITDA	22,029	1,140	23,169
Depreciation/amortisation	-	-	-6,530
→ EBIT	-	-	16,639
Financial result	-	-	-979
Share of loss from associates			-27
→ EBT	-	-	15,632
Income tax	-	-	-5,538
→ NET PROFIT/LOSS	-	-	10,094

# KPIS (LOTTERIES)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Pay-in (in €m)	110.1	138.0	120.6	140.8	121.4	128.4	125.9	128.0	142.5	140.2	147.7	171.3	158.8	167.3	177.0
BILLINGS (in €m)	140.0	174.4	157.3	181.0	163.3	169.5	160.3	163.4	181.2	177.1	186.1	214.1	201.2	209.9	222.1
ABPU (in €)	49.46	54.48	54.90	61.30	56.36	58.40	54.40	58.00	58.31	58.18	58.90	60.73	60.99	61.42	60.73
ARPU (in €)	6.00	6.89	6.60	7.51	7.16	7.00	6.55	6.99	7.57	7.41	7.39	8.07	7.55	7.73	7.67
MAU (in k)	942	1,065	954	984	966	968	982	938	1,036	1,015	1,053	1,175	1,100	1,142	1,217
CPL (in €)	26.00	27.77	28.96	28.79	33.48	32.12	17.65	29.61	38.09	37.07	34.76	34.86	36.77	50.83	50.39

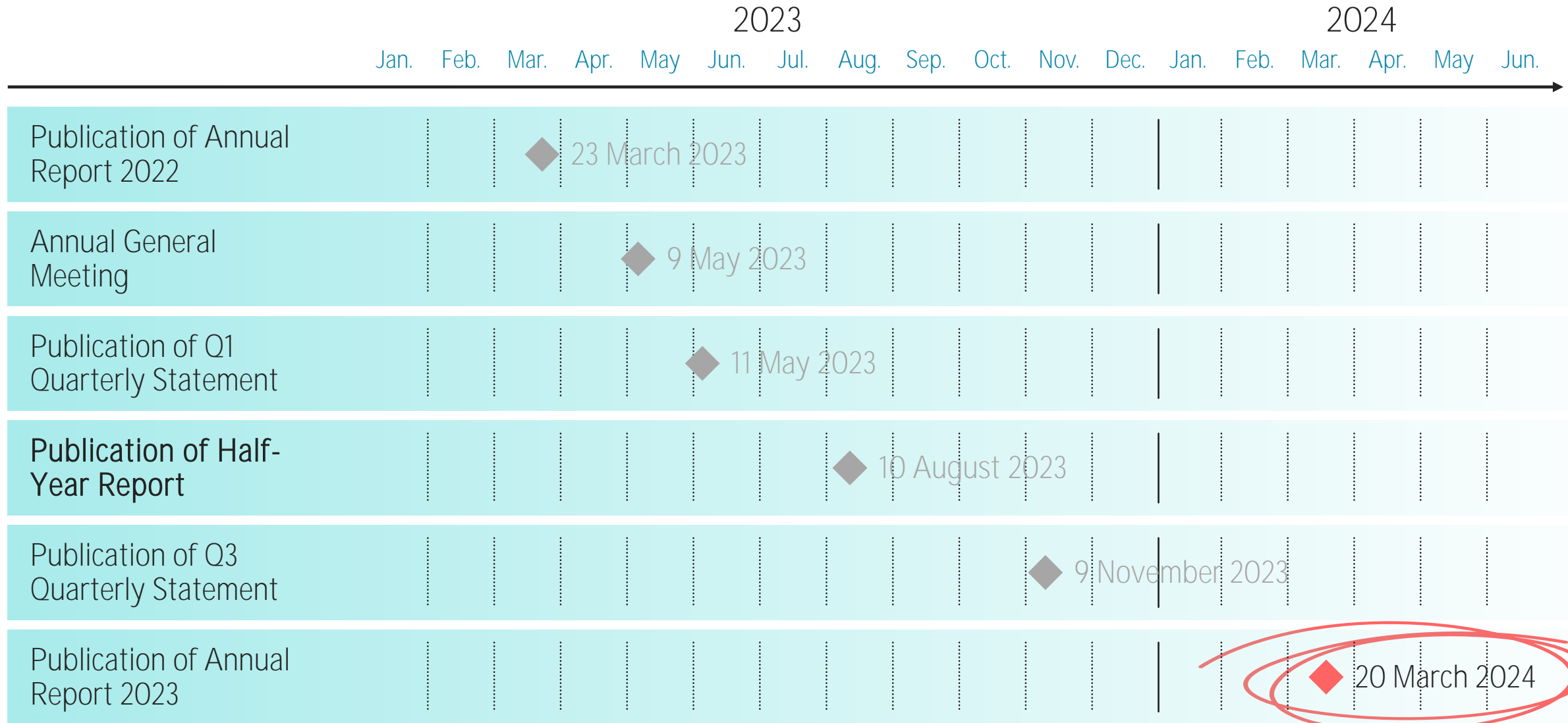


# KPIS (GAMES)

	Q2 2023*	Q3 2023
Pay-in (in €m)	0.1	3.3
BILLINGS (in €m)	0.6	16.2
ABPU (in €)	58.74	306.18
ARPU (in €)	5.49	22.02
MAU (in k)	9	18

\* Games business started in June 2023.

# FINANCIAL CALENDAR 2023



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