

ZEAL

COMPANY OVERVIEW

November 2024



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL

Traumhaus
VERLÖSUNG

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 (FY 2023)

~1,146k total active users per month

€ 61 average billings per user per month

~€ 800m current market capitalisation

€ 319m for good causes

172 employees

€ 33m EBITDA

COMPANY STRUCTURE

Business divisions

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

ZEAL

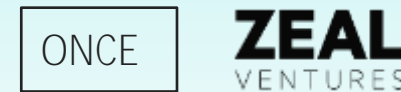
German Lottery broker

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

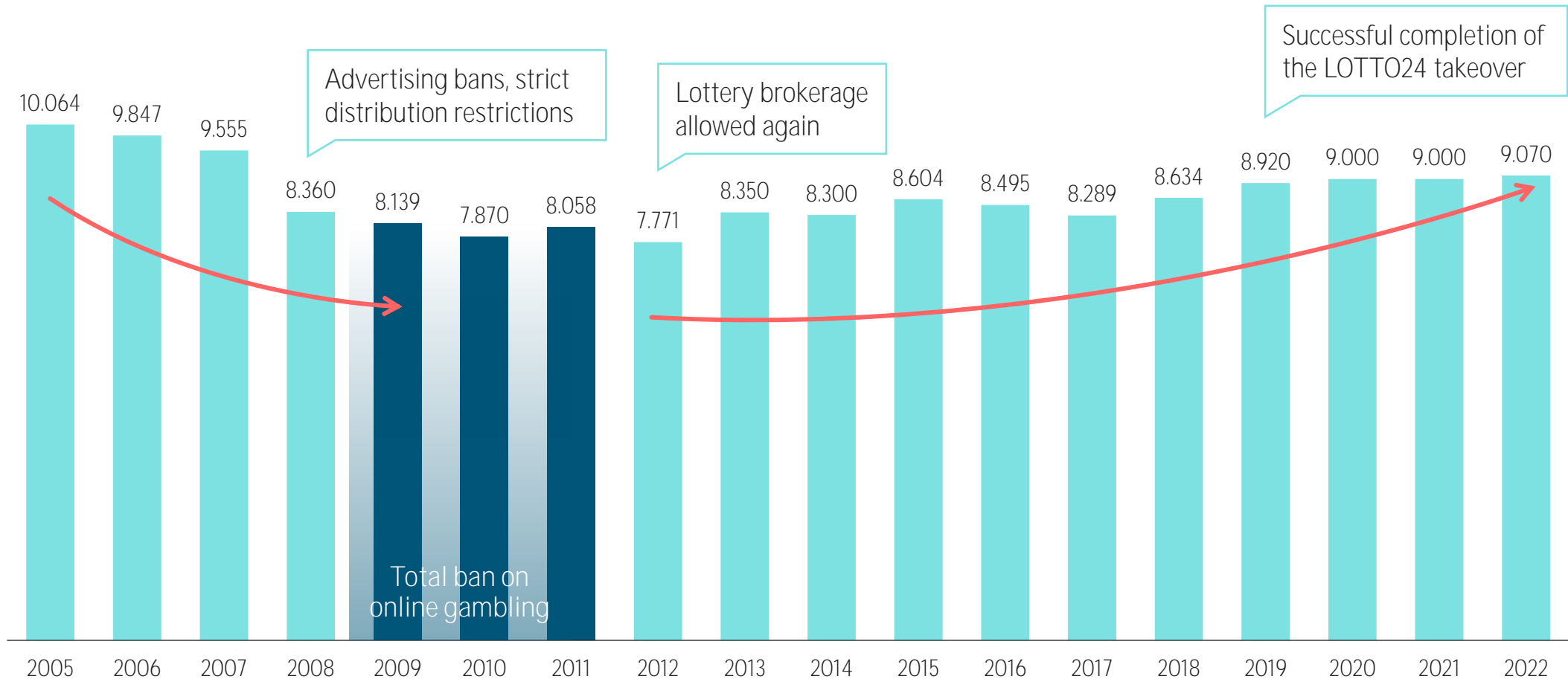
Regulations & New Products

Financials

ESG

Management

VERY STABLE LOTTERY MARKET IN GERMANY (IN € K)



According to DLTB 2023 and the providers of charity lotteries 2022/2023

DUE TO HIGHLY EFFICIENT MARKETING ACTIVITIES, MARKET SHARE EXPANDED FURTHER IN 2023



12%

2013

€ 253 million =
4% online penetration²

40.9%

2022

€ 1.7 billion =
23% online penetration²

41.4%

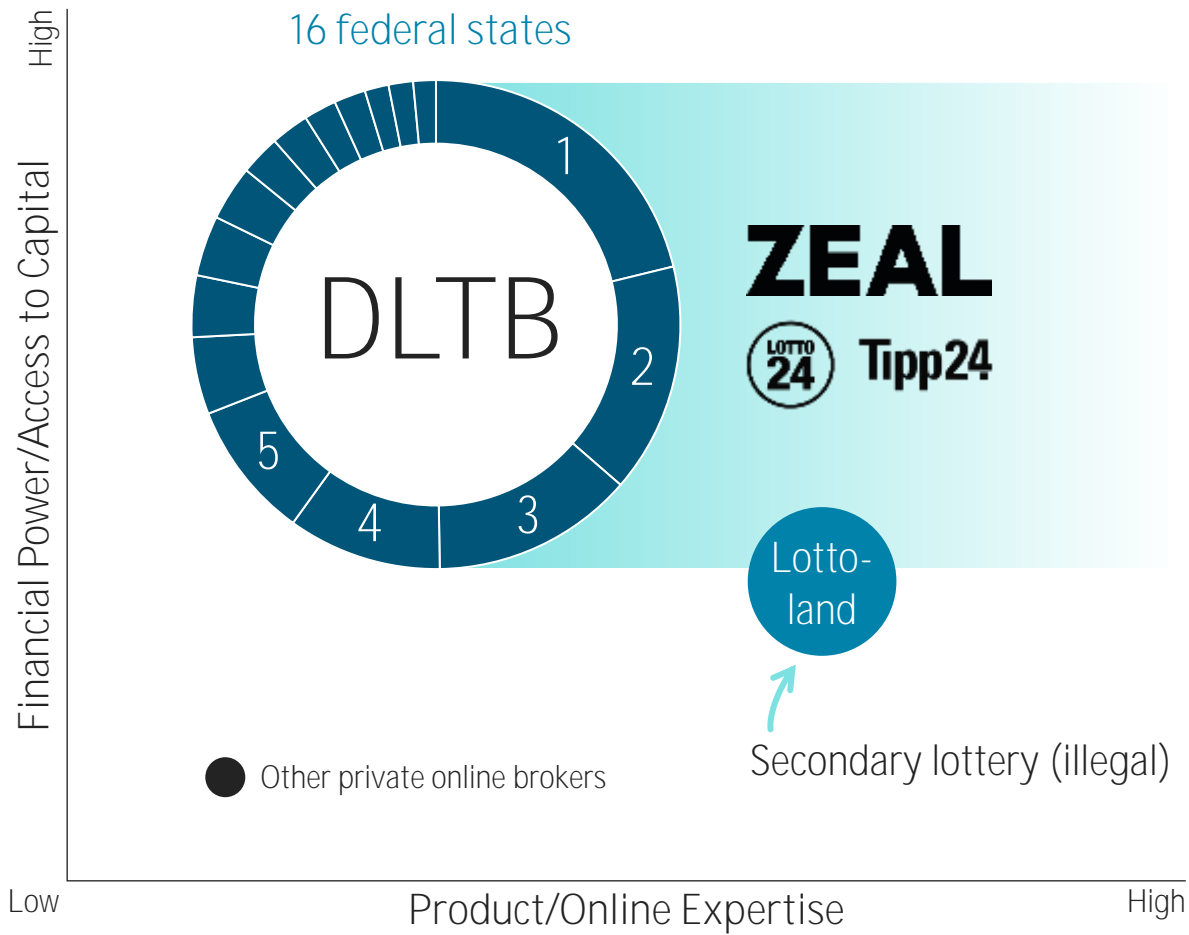
2023

€ 2.0 billion =
24% 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
- 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

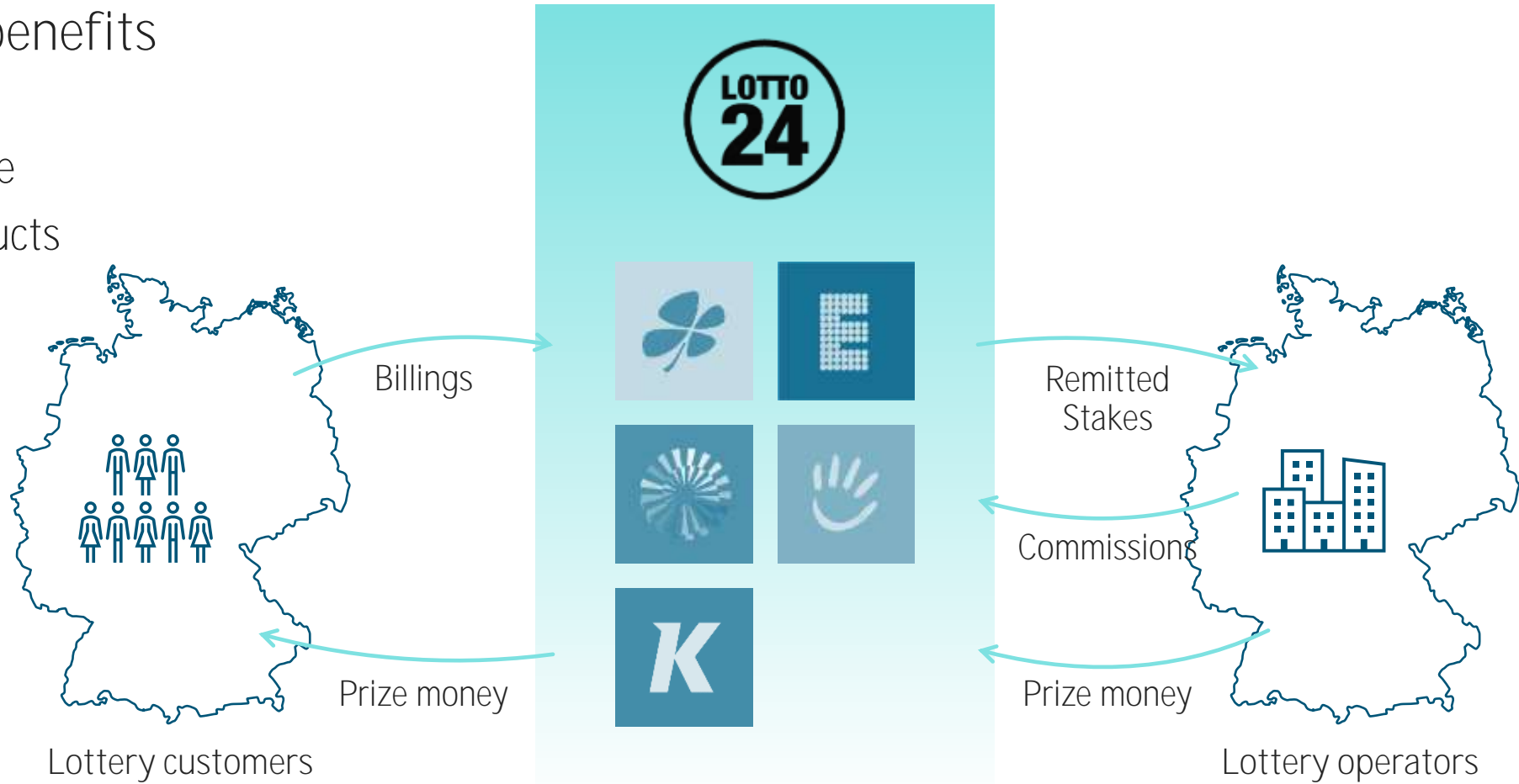
ESG

Management

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

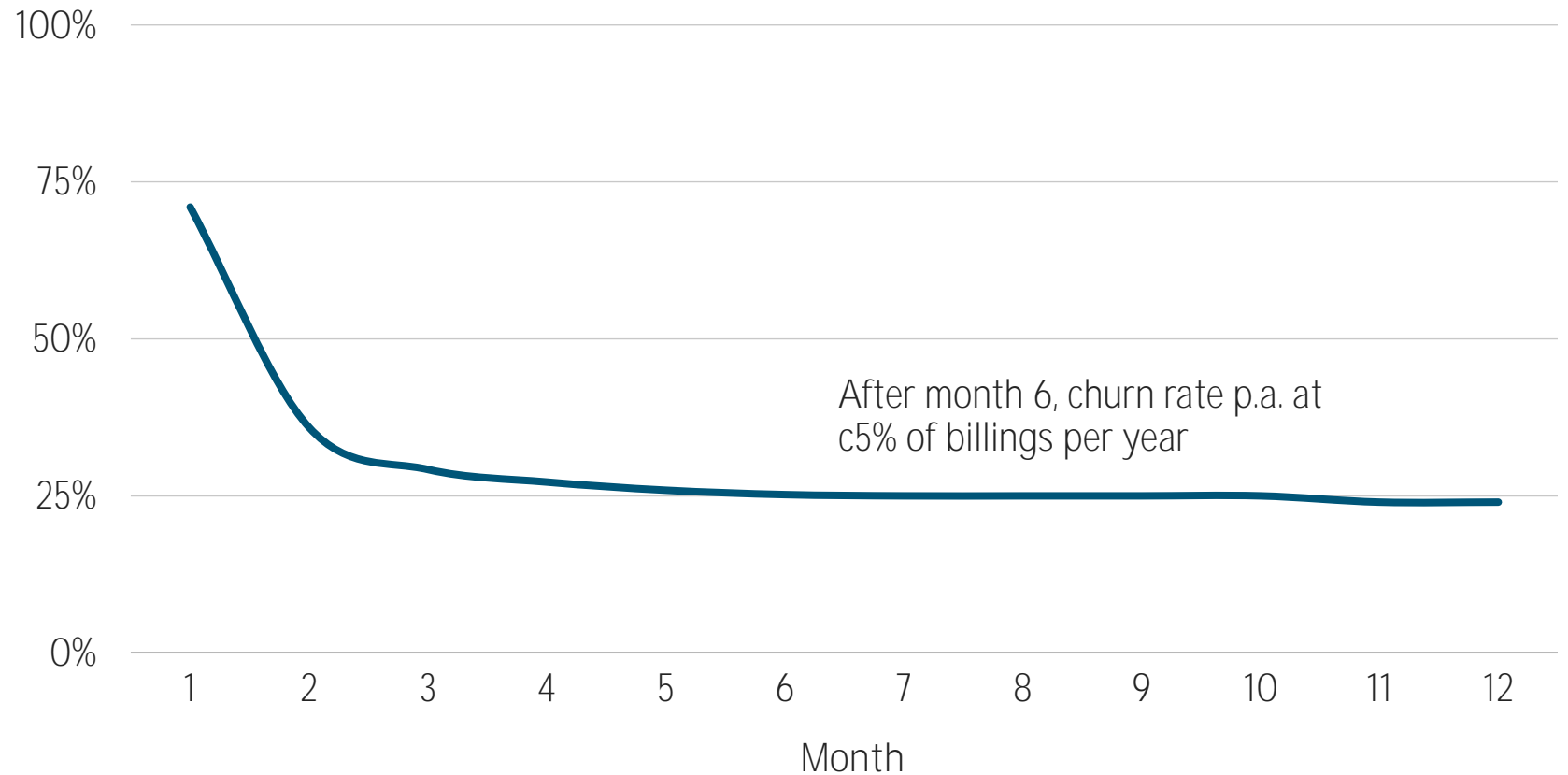
- Available anywhere anytime (24/7)
- Secure – no risk of losing the ticket
- Automatic price notification & price collections
- Strong web, mobile and apps experiences
- Data driven recommendations and CRM

HIGH CUSTOMER RETENTION RATE

25%

High billings retention rate after 6 months

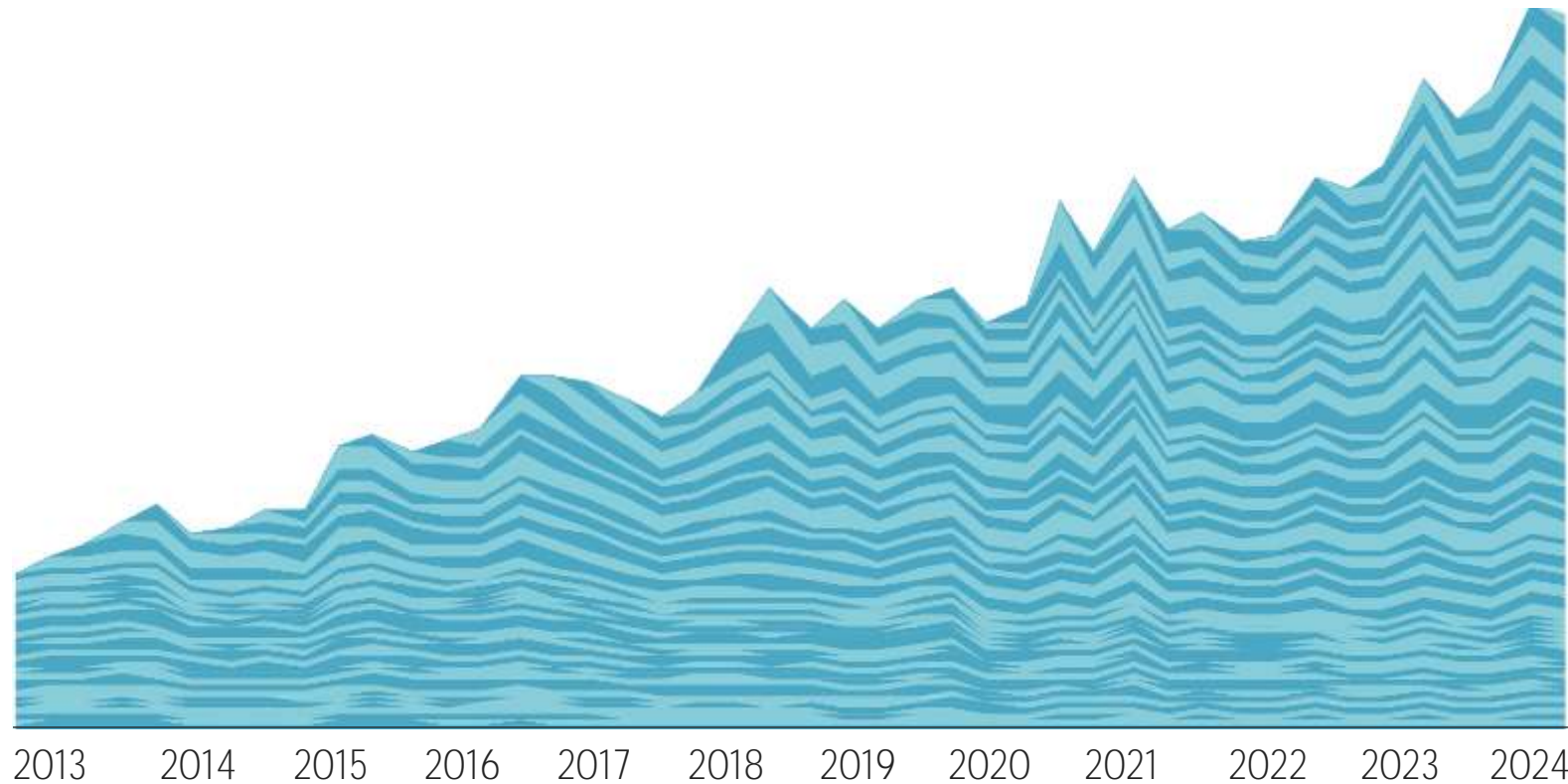
Billings Retention rate per registered customer cohort in month after registration



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

CONTENT



ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products

Financials

ESG

Management

PROMISING LONG-TERM MARKET POTENTIAL



€2.5 – €3.5bn
ZEAL's ambition

50% Online Market share

€5 – €7bn
expected online market size

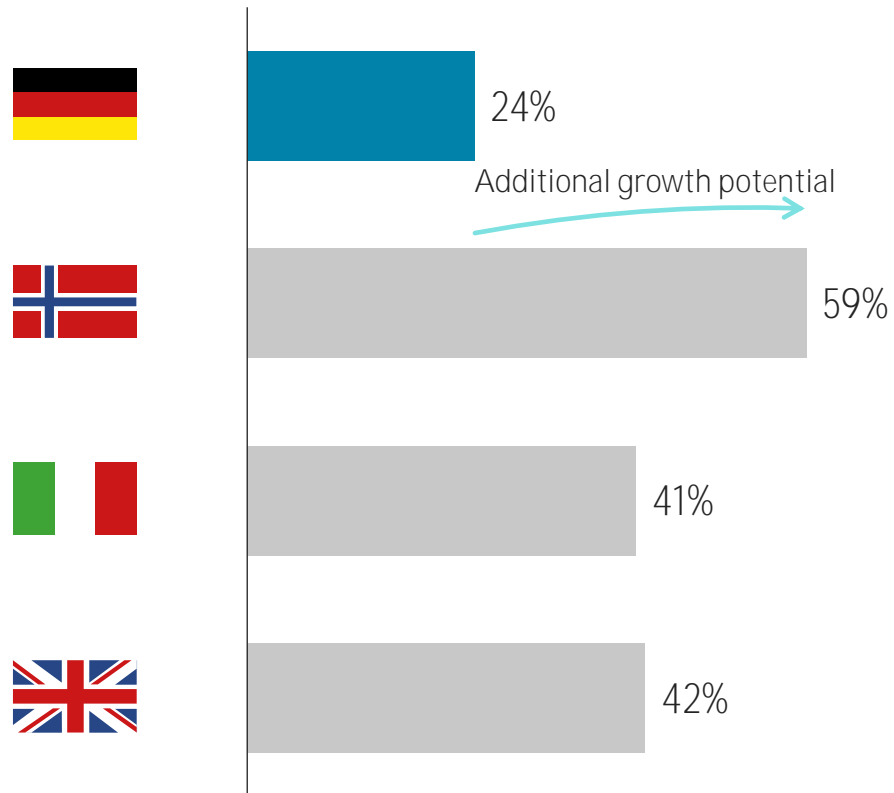
50-70% expected online penetration

€10bn
total market size

Source: Figures of DLTB 2023 and the providers of charity lotteries 2022/2023

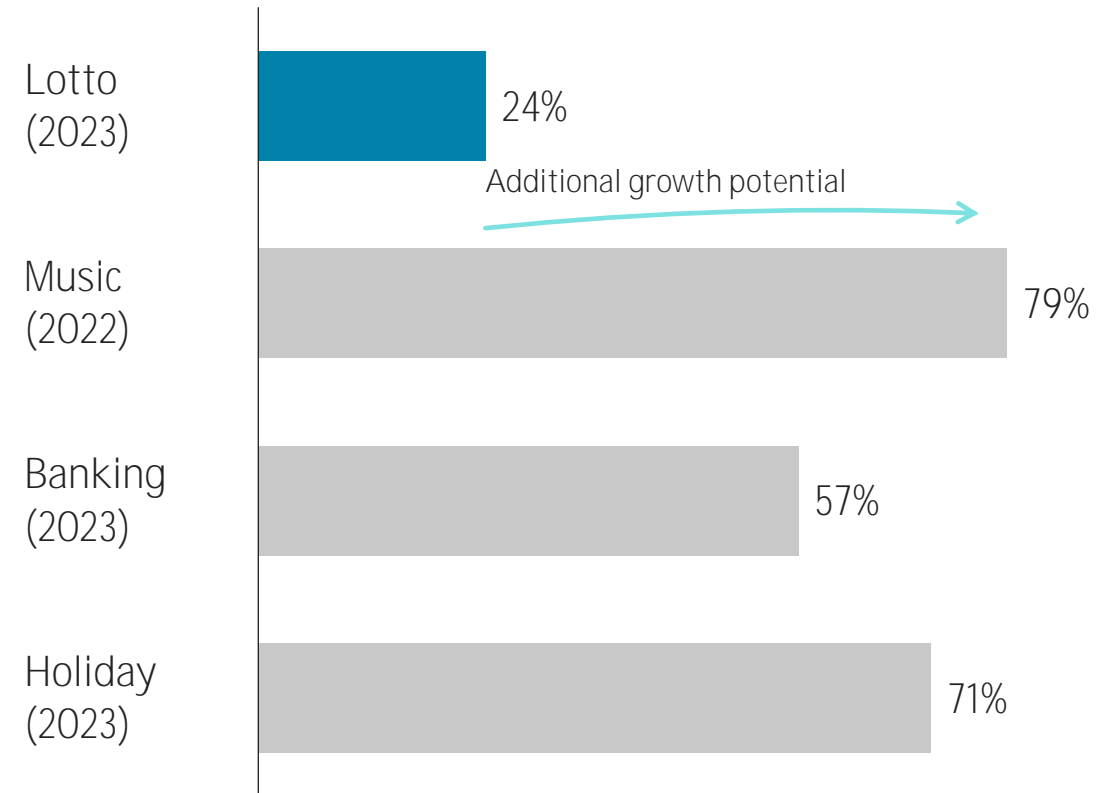
ONLINE MARKET PENETRATION IS STILL COMPARABLY LOW

Online lottery penetration by countries



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

Online penetration in selected online industries



Source: statista, VIR Daten und Fakten 2024, BVMI Musikindustrie in Zahlen 2023, German Association of State-Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«), German Lottery Association (»Deutscher Lottoverband, DLV«)

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 BUSINESS ON TRACK



- 🚩 Games business successfully launched
New Games offer is 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 >100 games online - more games will follow in the next weeks

CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products

Financials

ESG

Management



UPDATE ON PROGRESS TOWARDS STRATEGIC GOALS FOR 2024

Our Strategic Goals for 2024

Improve billings margin in lottery brokerage business

- Optimization of billings margin by increased share of high-margin products and expansion of service fees
- Measures are expected to increase billings margin for lotteries to more than 15% in H2 2024

Increase brand awareness, marketing efficiency, customer retention

- Continue successful brand campaigns for LOTTO24
- Increase marketing efficiency in brand and performance marketing
- Further improve customer retention through early engagement, higher subscription rates and expanded lottery club offerings

Grow Games business

- Increase number of available games on our platform
- Broaden type of games to include instant-win-games
- More proactive offering of games on platform

Launch new charity lottery

- Charity lotteries enable product innovation
- Attractive product margins, improved independence from high jackpots
- Launch will require investment in H2 2024 (marketing, product development, prizes, etc.)

Our Progress YTD 2024

- Billings margin for lotteries improved to 16.8% in Q3 (excl. big win)
- Increase of customer service fee rolled on 10-Jun-2024 with full impact being visible from Q3 2024 onwards

- **Mix of “campaign bursts” and “always on” for brand marketing working well**
- Highly successful customer acquisition during peak jackpots
- **Increased billings share from lottery clubs and “play with friends” to 6.6%** (6.1% in Q1-Q3 '23)

- **Currently more than 200 Games are online, thereof 18 “instant-win-games”** with lower RTP and higher appeal to our user base
- More proactive offering still hampered by relatively low total number of available games and license restrictions on cross-selling

- Highly successful launch of Traumhausverlosung
- First draw generated **€8.6m in billings** for Traumhausverlosung and we acquired 83K new D2C customers with complementary demographic profile (younger customer base, higher share of female players)

GUIDANCE 2024 ADJUSTED UPWARDS

In €m	2024 GUIDANCE (new)	2024 GUIDANCE (old)	2023 Actuals
Revenue ¹⁾	158-168 (+36 – 45%)	140-150	116.1
EBITDA	42-46 (+28 – 40%)	38-42	32.9

- New guidance for FY 2024 based on an average jackpot environment
- Expected revenue growth of 36-45% and EBITDA growth of 28-40% versus 2023
- ZEAL will continue to invest into marketing (c. €40-45m for German brokerage business)
- Expected c. EUR9m in revenue for games business in 2024
- Expected mid-term revenue growth in mid-to-high teens (CAGR 2023-2026)

¹⁾ Including income from jackpot insurance;

CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

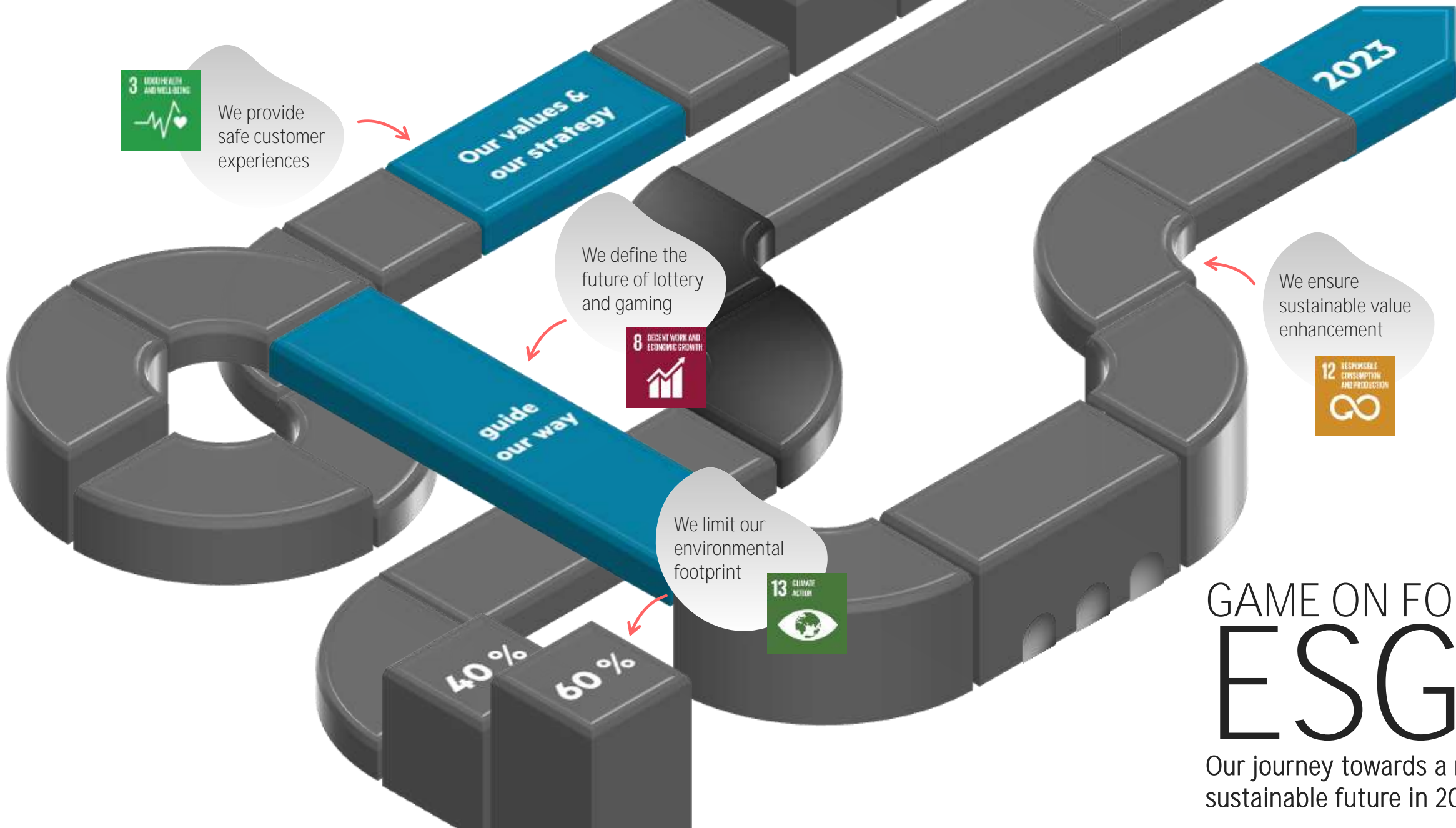
Regulations & New Products

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

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

CONTENT

ZEAL at glance

Market Overview

Business Model

Upside Strategy

Regulations & New Products

Financials

ESG

Management



MANAGEMENT BOARD

Helmut Becker – CEO



New Work (formerly XING)

—
eBay

—
McKinsey

Sebastian Bielski – CFO



smava

—
Delivery Hero

—
Archer Capital

—
Goldman Sachs

Paul Dingwitz – CTO



Rue La La

—
ONE Media Corp

—
CNN

SIX 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

extension Extension into Games
and Charity Lotteries

capital return Attractive
dividend policy

The background is a solid blue color with a repeating pattern of small, faint white icons. These icons include various symbols such as lightbulbs, gears, speech bubbles, and abstract shapes, suggesting a theme of ideas, technology, or communication.

Question

Answer

DISCLAIMER

The information contained herein must not be relied upon for any purpose and may not be redistributed, reproduced, published, or passed on to any other person 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.

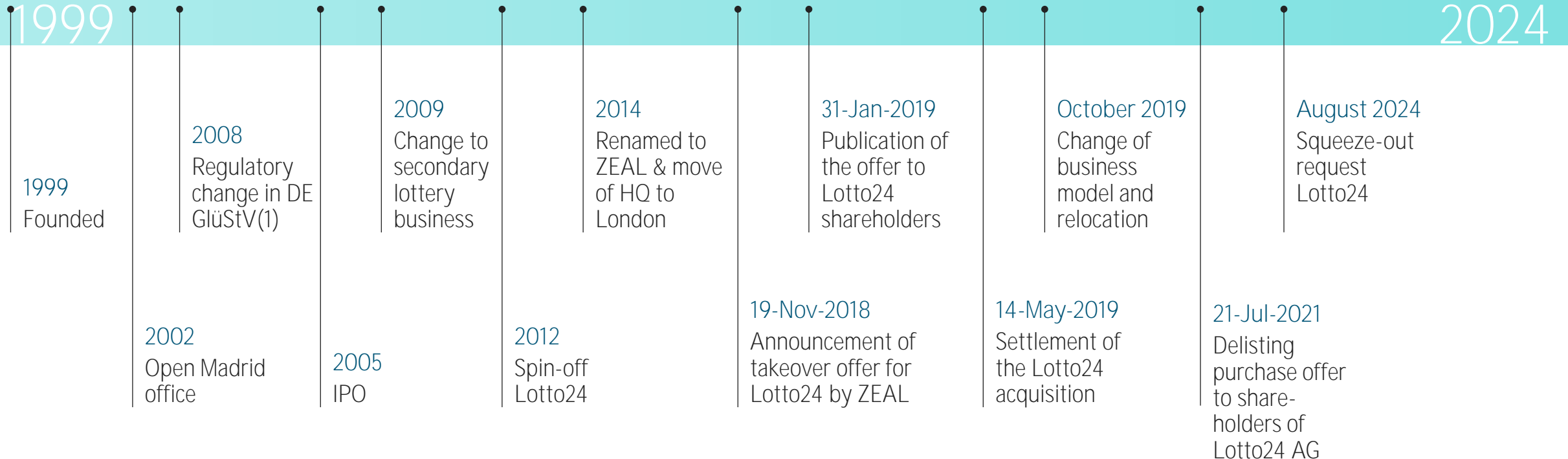
This presentation is for information only and shall not constitute investment advice. It is not intended for solicitation purposes but only for use as general information..

This presentation is dated November 2024. 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: ~ € 800m

Dec. 31, 2023: € 33.35

Security Identification Number/Ticker Symbol

ISIN: DE000ZEAL241

WKN: ZEAL24

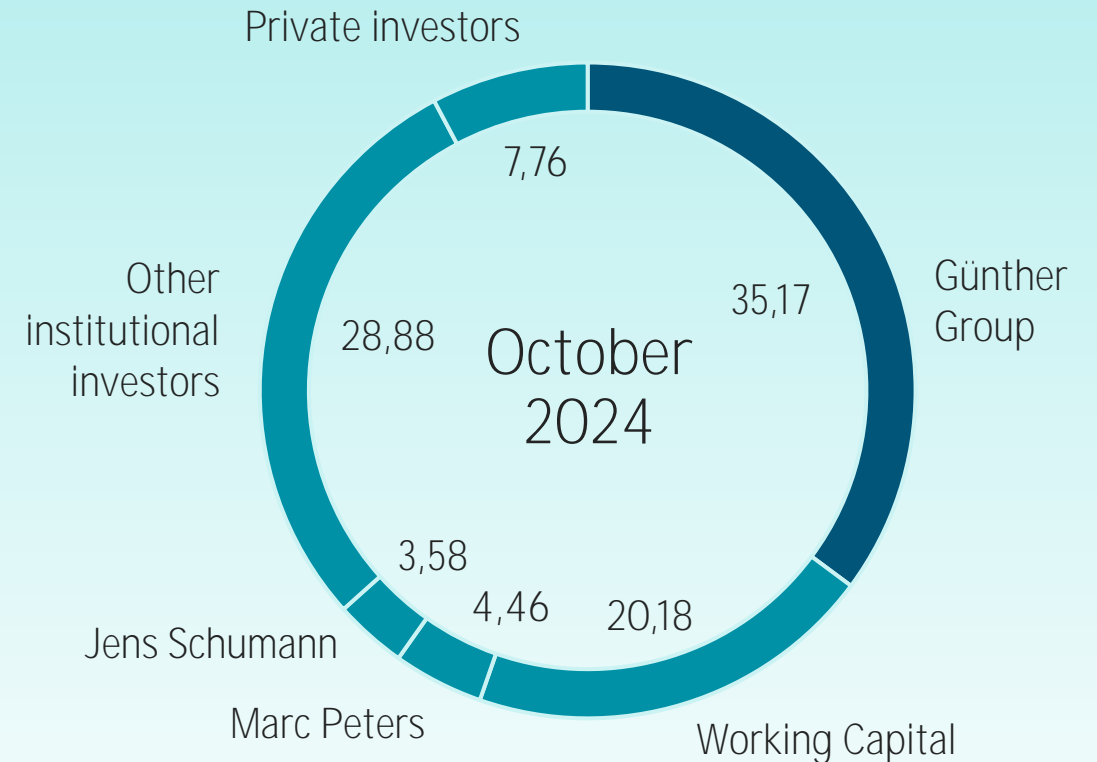
LEI Code: 391200EIRBXU4TUMMQ46

Deutsche Börse: TIMA

Reuters: TIMAn.DE

Bloomberg: TIMA GR

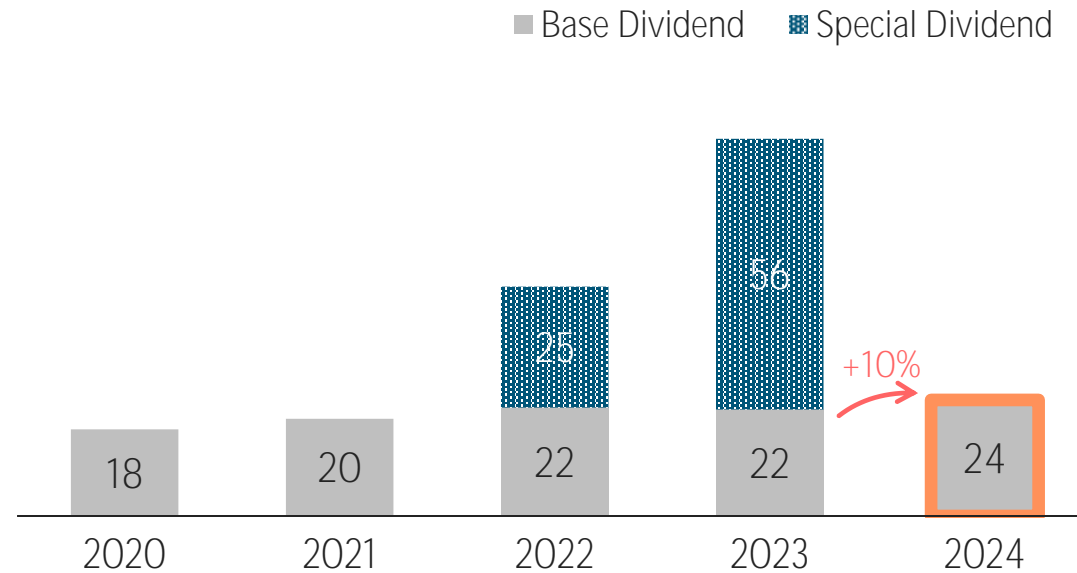
in %



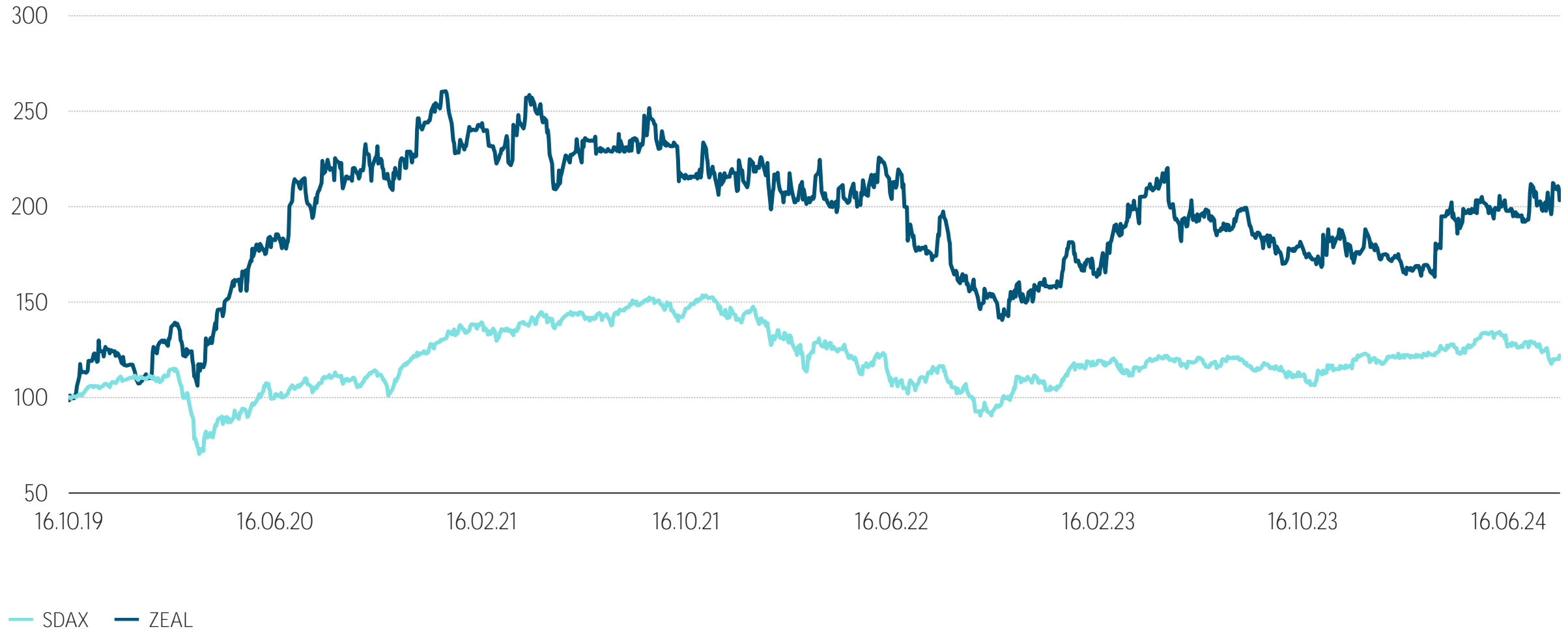
Source: Information from notification of voting rights and company information

DIVIDEND 2024

TOTAL DIVIDEND PAY-OUT P.A. in € million



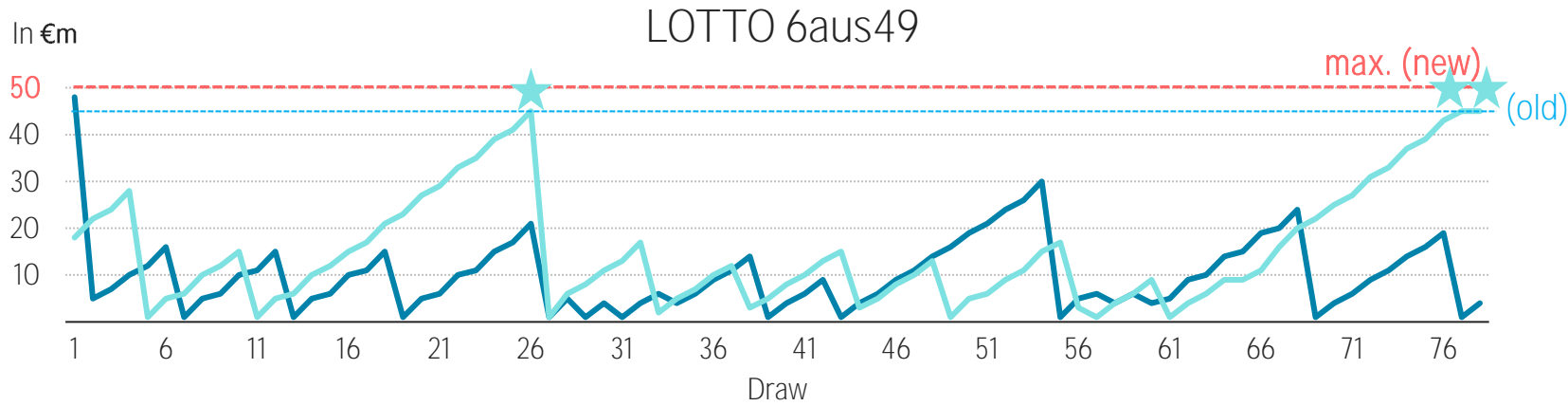
SHARE PRICE DEVELOPMENT SINCE CHANGE OF BUSINESS MODEL



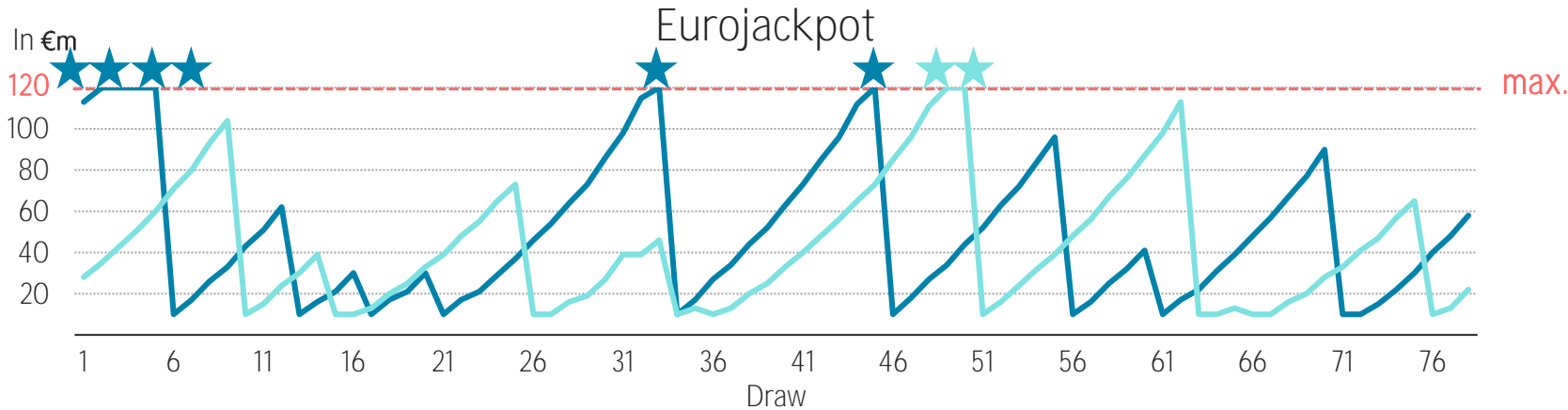


FINANCIAL UPDATE

GOOD JACKPOT ENVIRONMENT – 6 PEAKS IN 9M 2024 VS. 5 PEAKS IN 9M 2023, NO JACKPOT IN Q3 2024



in €m	Average	Peak
9M '24	10	0
9M '23	15	3



in €m	Average	Peak
9M '24	49	6
9M '23	42	2

— 2023 — 2024

ZEAL INCOME STATEMENT 9M '24 – CONDENSED

INCOME STATEMENT	9M '24 (in €k)	9M '23 (in €k)	CHANGE (in %)
REVENUE	120,952	86,012	+40.6
- Lotteries	107,591	79,418	+35.5
- Games	6,826	1,216	+461.3
TOTAL COSTS OF OPERATIONS	-86,423	-63,927	+35.2
Personnel expenses	-23,341	-15,195	+53.6
Other operating expenses	-63,166	-48,796	+29.4
Marketing expenses	-36,923	-30,691	+20.3
Direct operating expenses	-12,428	-8,570	+45.0
Indirect operating expenses	-13,815	-9,535	+44.9
EBITDA	34,959	23,168	+50.9
Amortisation and depreciation	-6,069	-6,530	-7.1
EBIT	28,890	16,637	+73.6
NET PROFIT AFTER TAX	44,284	10,093	+338.8

REVENUE

Revenue increased by 41% driven by billings growth of 17% and an increased billings margin

COST OF OPERATIONS

Personnel expenses:

Personnel expenses increased by 54% or €8.1m driven by increased provisions for short-term and long-term variable remuneration due to strong operating performance and share price appreciation (€2.8m), additional provisions for potential wage and sales tax liabilities from previous years (€1.5m) as well as by an 19% increase in FTE from 170 to 202, and salary increases

Marketing expenses:

Marketing expenses increased by 20% as the very good jackpot situation in the first half-year and high marketing efficiency was used to win new customers

Direct operating expenses:

Direct operating expenses increased by 45% driven by an increase in lottery billings, introduction of Games, a large number of KYC checks for new customers, an increased share of Paypal as payment method and bad debt charges

Indirect operating expenses:

Indirect operating expenses were up by 45%, mainly driven by increased costs for legal and consulting services, costs for external service providers and recruiting costs. In addition, transaction costs were incurred for the first two house purchases made by our new social lottery “Traumhausverlosung”

EBITDA

EBITDA increased by 51% due to the strong increase in revenue

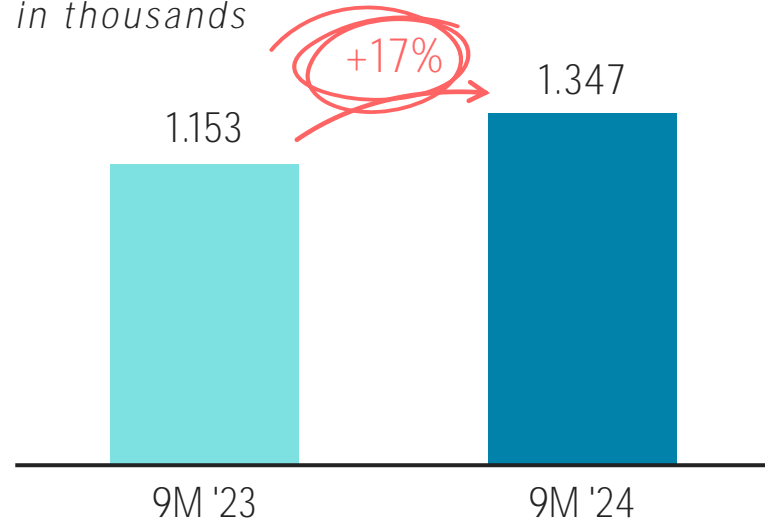
NET PROFIT AFTER TAX

Net profit rose by 339% to €44.3 million due to strong increase of EBITDA and the initial recognition of deferred tax assets of ZEAL Network SE

GROWTH OF LOTTERY BILLINGS DRIVEN BY GROWTH IN USER BASE AND HIGHER BILLINGS PER USER

MONTHLY ACTIVE USERS (MAU)

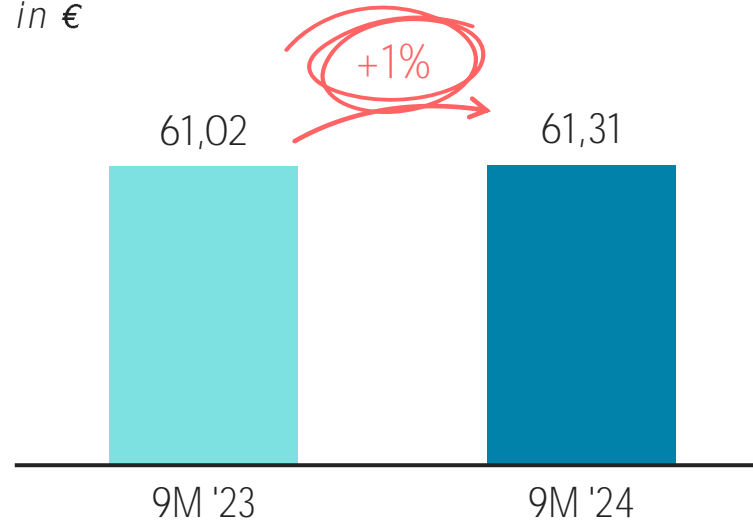
(Lotteries)
in thousands



Strong increase in the customer base and increased level of customer activity

AVERAGE BILLINGS PER USER, ABPU

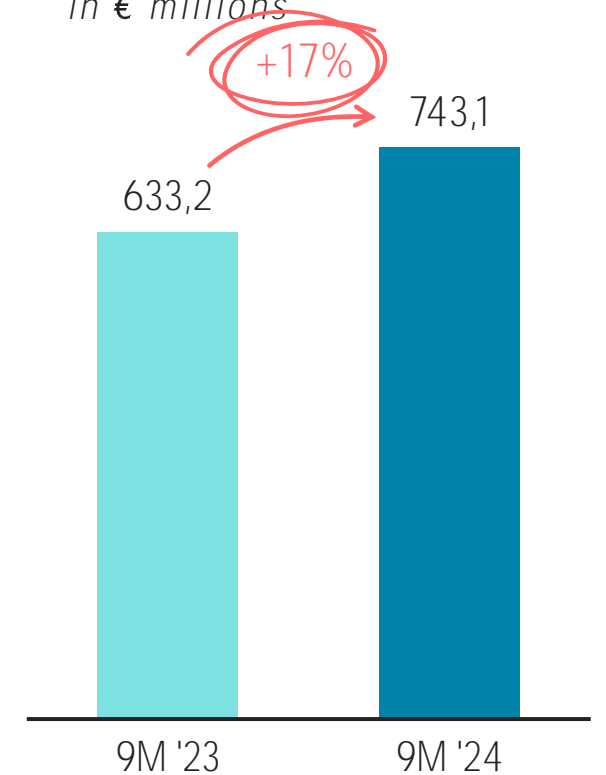
(Lotteries)
in €



Further increase at already high levels

BILLINGS

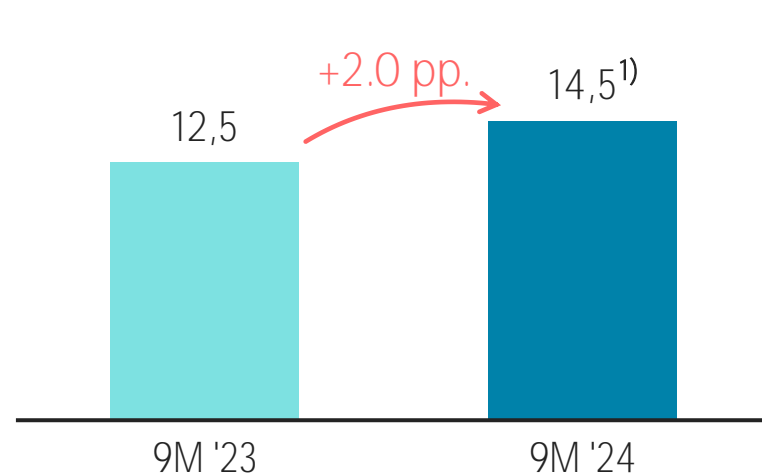
(Lotteries)
in € millions



GROSS MARGIN INCREASED SUBSTANTIALLY

GROSS MARGIN

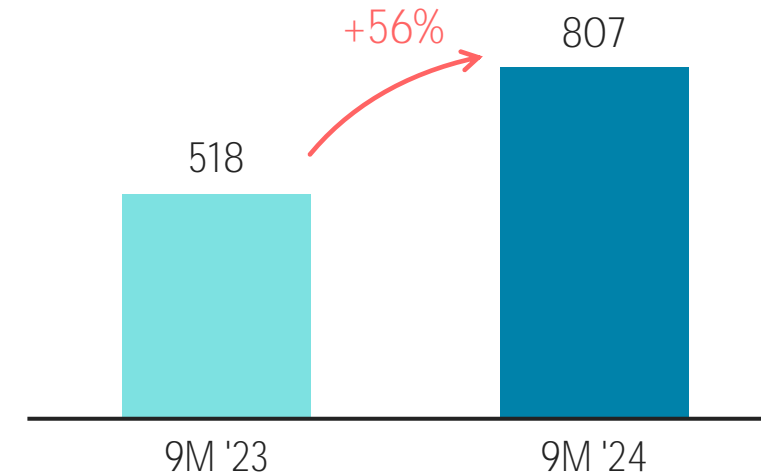
(Lotteries)
in %



Gross margin increased due to margin optimisation measures and a changed product mix

NEW REGISTERED CUSTOMERS

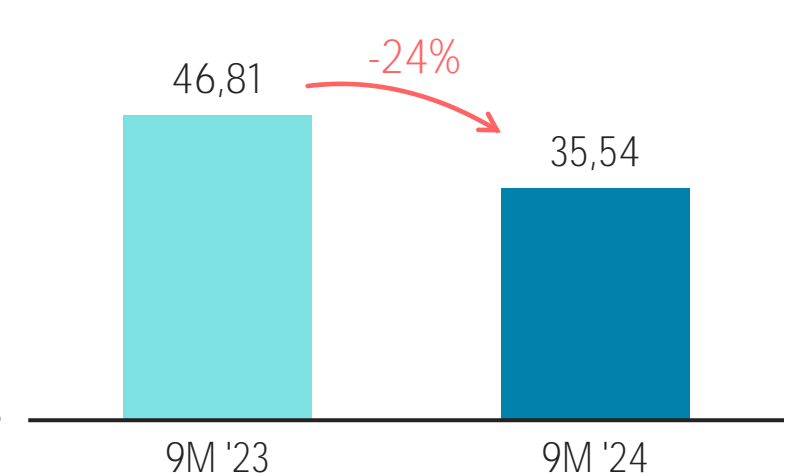
(Lotteries)
in thousands



Strong jackpot situation coupled with efficient marketing measures

COST PER LEAD, CPL

(Lotteries)
in €



Good improvement of marketing efficiency across channels

¹⁾ Excluding negative impacted of one large win in "Die Deutsche Traumhauslotterie", including this effect the gross margin in H1 '24 was 14.6%

COST PER LEAD REMAINS LOW

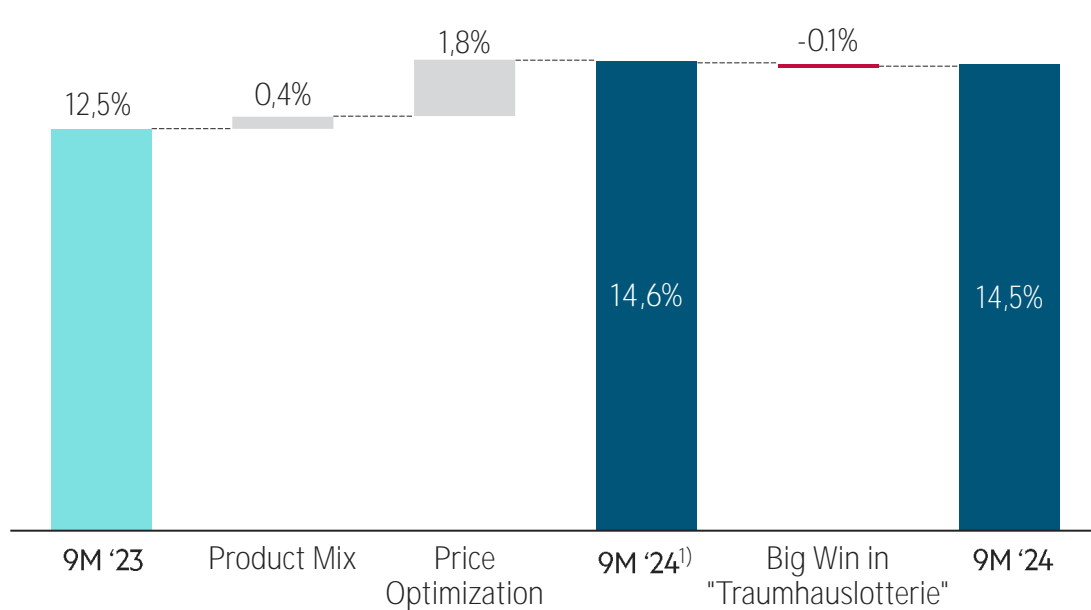
In €	Q 1	Q 2	Q 3	Q 4	Full Year
2024	33.04	33.20	41.98		
2023	36.77	50.83	50.40	37.11	45.52

- Q2 '23** Temporary increase in competitive pressure in online marketing during a high jackpot
- Q3 '23** Launch of major offline (TV, billboards) advertising campaign for LOTTO24 to increase brand awareness
- Q4 '23**
 - Brand campaign is already leading to positive contributions to new customer acquisition
 - Disciplined and targeted acquisition activity in high media cost environment (Christmas)
- Q1 '24** Further increase in efficiency in marketing measures and benefit from increased brand awareness
- Q2 '24** CPL has stabilized at a very good level, even outside of high jackpot periods
- Q3 '24**
 - First quarter in 2024 without any peak jackpot
 - Additional brand investment for LOTTO24 and start of D2C marketing for Traumhausverlosung and freiheit+

HIGHER LOTTERY BILLINGS MARGIN DRIVEN BY IMPROVED PRODUCT MIX AND ROLL-OUT OF PRICE OPTIMIZATION

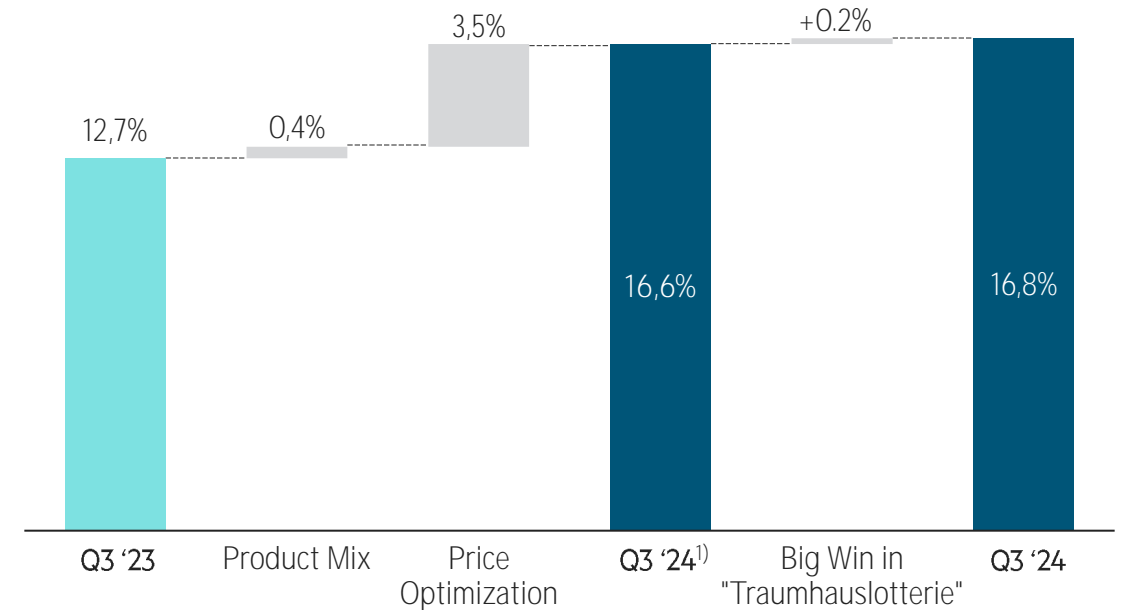
BILLINGS MARGIN: 9M '23 VS. 9M '24

(Lotteries)
in %



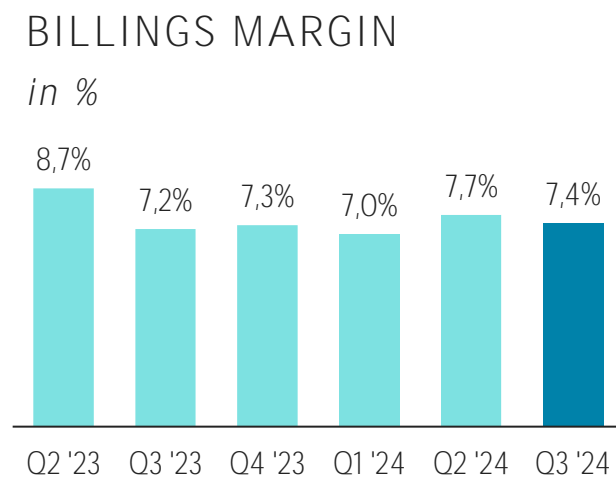
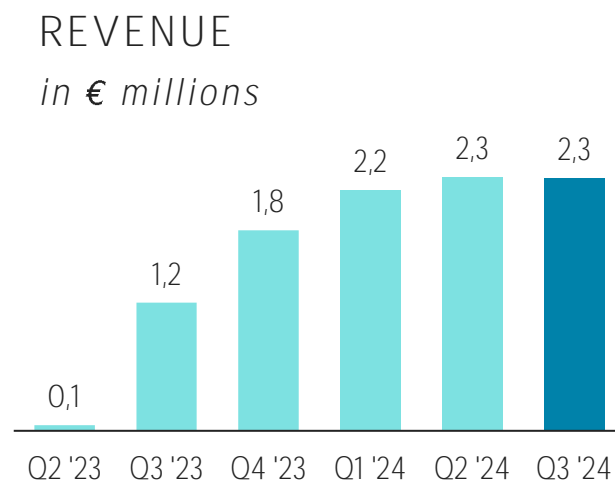
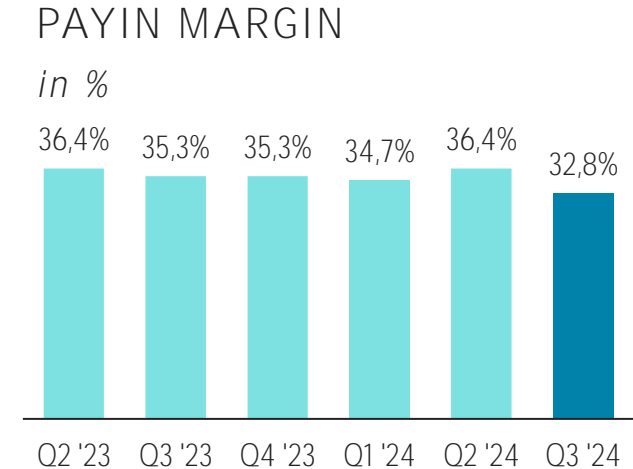
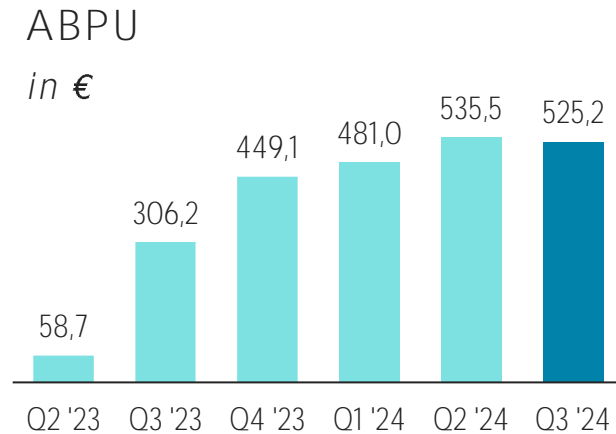
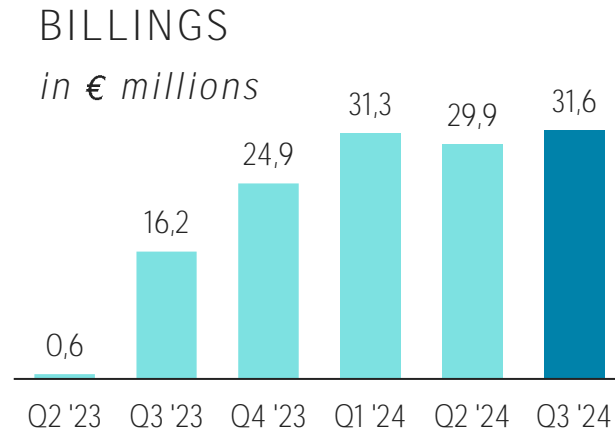
BILLINGS MARGIN: Q3 '23 VS. Q3 '24

(Lotteries)
in %



¹⁾ Excluding effects from big win at "Die Deutsche Traumhauslotterie"

GAMES BUSINESS ON TRACK TO DELIVER EUR9M IN REVENUE FOR 2024



- We received regulatory approval to publish further 159 games – currently more than 200 Games are online
- **18 “instant win games”** are online
- Deprioritized growth of MAU and billings. Focus in Games remains on rollout of new games, test of first batch of instant win games and product optimization, not on growing the games customer base
- We expect c. €9m in revenue with EBITDA margins of >40% for Games for 2024.

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET IN €K

INCOME STATEMENT	9M '24 (in €k)	9M '23 (in €k)	CHANGE (in %)		BALANCE SHEET	30/09/24 (in €k)	31/12/23 (in €k)	CHANGE (in %)
Revenue	120,952	86,012	+40.6		Current assets	110,871	92,637	+19.7
Total costs of operations	-86,423	-63,927	+35.2		Non-current assets	291,221	302,016	-3.6
EBITDA	34,959	23,168	+50.9	→	ASSETS	402,092	394,653	+1.9
EBIT	28,890	16,637	+73.6		Current liabilities	66,907	57,997	+15.4
Profit before taxes	26,619	15,632	+70.3		Non-current liabilities	54,414	71,897	-24.3
Income taxes	17,665	-5,538	--		Equity	280,771	264,758	+6.0
Net Profit	44,284	10,093	+338.8	→	EQUITY & LIABILITIES	402,092	394,653	+1.9

BUSINESS UNIT SEGMENT REPORTING AS OF 30/09/24 IN €K

	GERMANY	OTHER	TOTAL
Revenue	116,743	4,209	120,952
Other operating income	429	1	430
→ EBITDA	33,361	1,598	34,959
Depreciation/amortisation	-	-	-6,069
→ EBIT	-	-	28,890
Financial result	-	-	-2,135
Share of loss from associates			-135
→ EBT	-	-	26,619
Income tax	-	-	17,665
→ NET PROFIT/LOSS	-	-	44,284

KPIS (LOTTERIES)

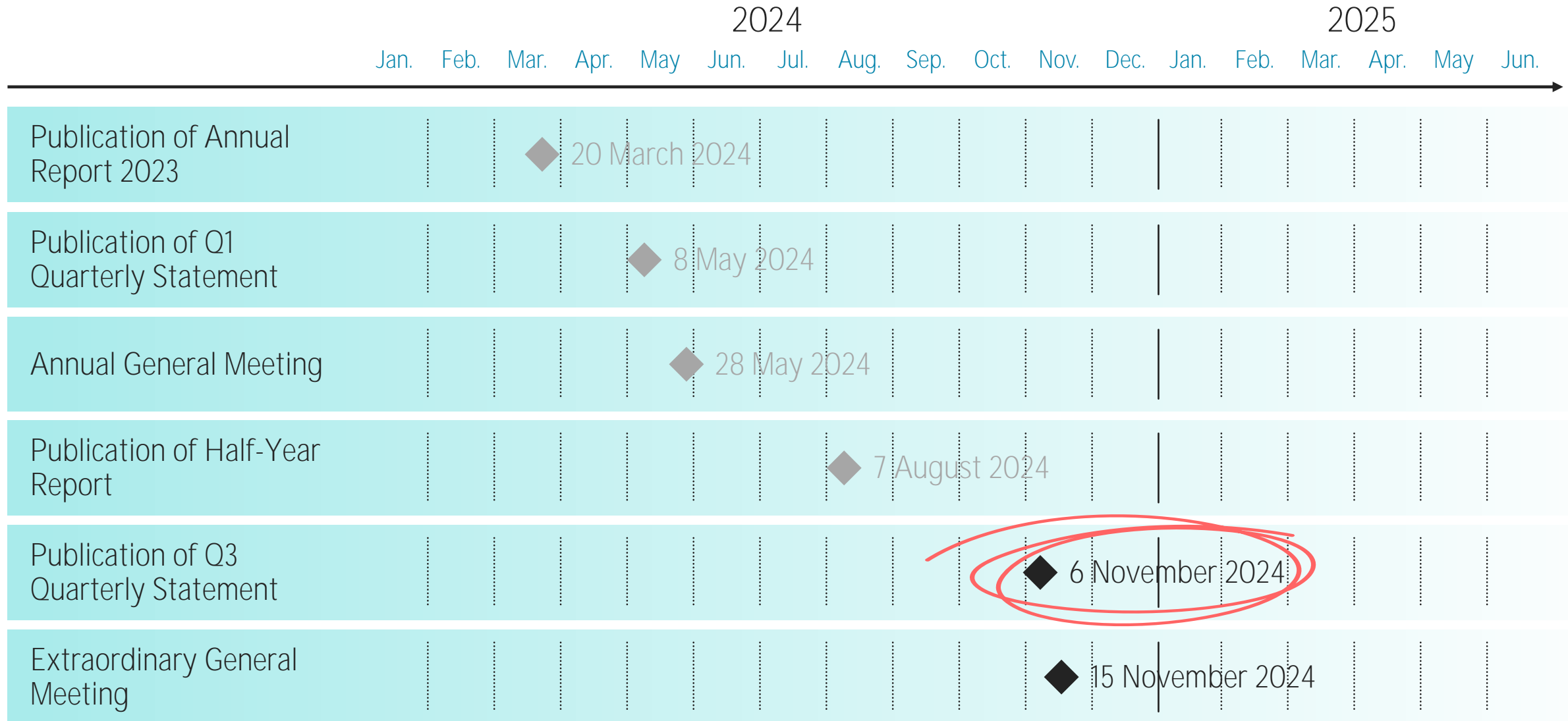
	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24
Pay-in (in €m)	110.1	138.0	120.6	140.8	121.4	128.4	125.9	128.0	142.5	140.2	147.7	171.3	158.8	167.3	177.0	168.7	196.7	211.4	191.4
BILLINGS (in €m)	140.0	174.4	157.3	181.0	163.3	169.5	160.3	163.4	181.2	177.1	186.1	214.1	201.2	209.9	222.1	210.1	246.3	260.8	236.0
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	62.31	61.59	63.34	58.95
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	7.78	8.00	8.75	9.89
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	1,124	1,333	1,372	1,334
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	50.40	37.11	33.04	33.38	41.98

KPIS (GAMES)


	Q2 '23*	Q3 '23	Q4 '24	Q1 '24	Q2 '24	Q3 '24
Pay-in (in €m)	0.1	3.3	5.1	6.3	6.3	7.1
BILLINGS (in €m)	0.6	16.2	24.9	31.3	29.9	31.6
ABPU (in €)	58.74	306.14	449.1	480.98	535.52	525.2
ARPU (in €)	5.49	22.02	32.89	33.57	41.21	38.84
MAU (in k)	9	18	18	22	19	20

* Games business started in June 2023.

FINANCIAL CALENDAR 2024



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