

ZEAL

EARNINGS CALL

Half-Year Report H1
as of 30 June 2023

10 August 2023



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL VENTURES

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SUMMARY H1 2023

- ✂ Further strong business volume growth
- ✂ High jackpot situation initiated massive marketing measures
- ✂ Customer acquisition accelerated
- ✂ Virtual slot games launched in June
- ✂ LOTTO24 customer has hit the next big jackpot this year.



GAMES BUSINESS LAUNCHED



Games business launched

First games online – **full business roll-out in 2024**

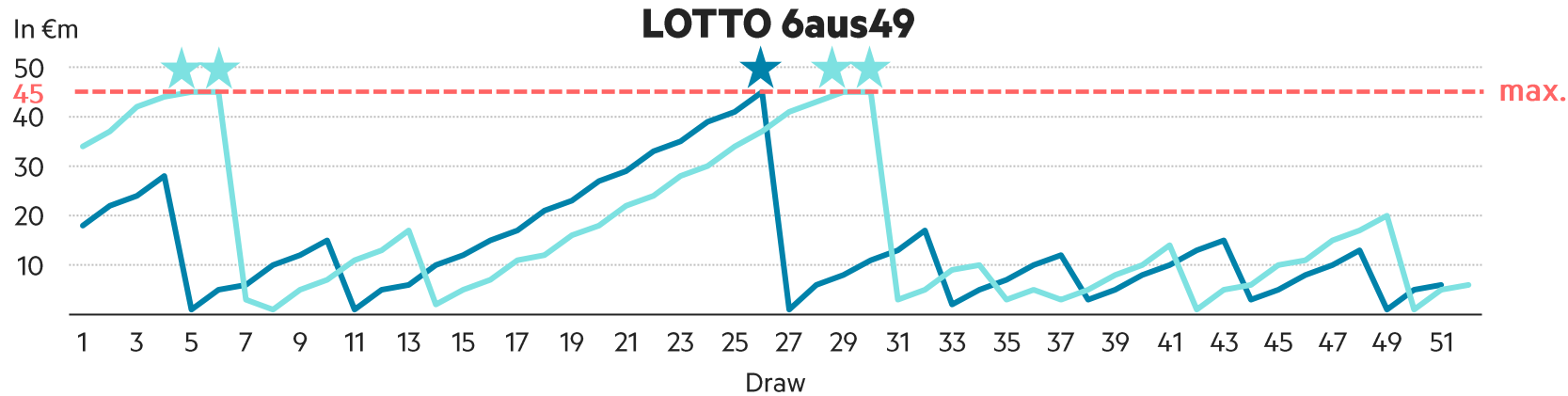
ZEAL frontrunner in the lottery segment among peers with strong opportunity to capture early growth in new market segment

Continuous expansion and refreshing of the games portfolio

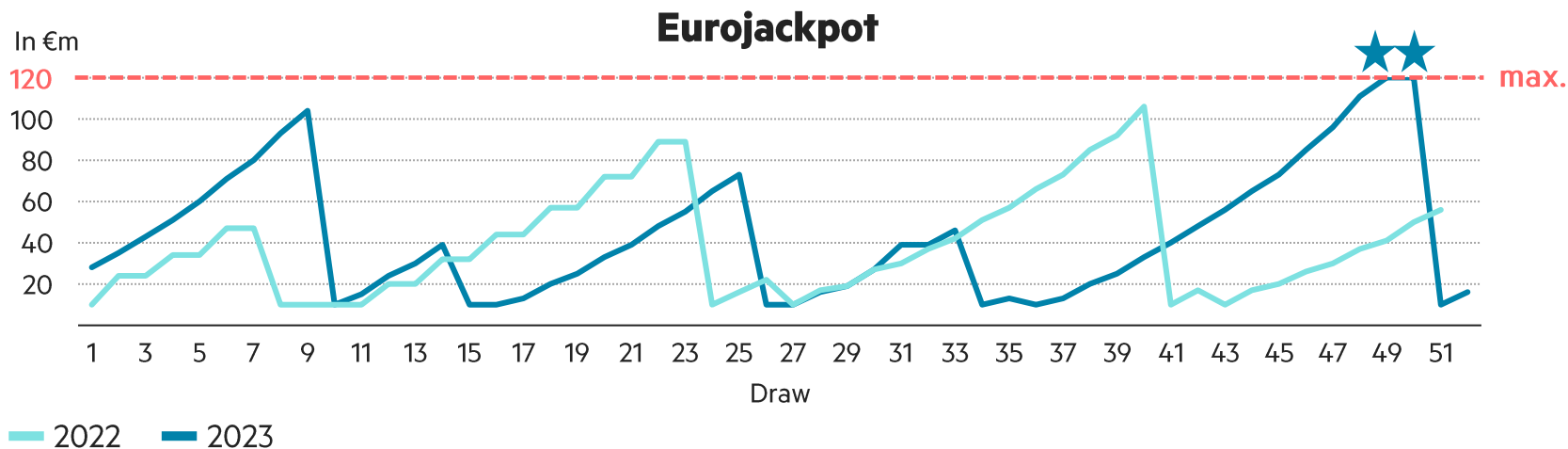
Currently 12 games online - more games will follow in the next weeks

It is planned to expand the range to up to 200 titles within the first year

JACKPOT DEVELOPMENT – 3 PEAKS IN 2023 VS. 4 PEAKS IN 2022






in €m	Average	Peak
YTD 2023	14	1
YTD 2022	17	4



in €m	Average	Peak
YTD 2023	43	2
YTD 2022	39	0

ZEAL INCOME STATEMENT H1 2023 – CONDENSED

INCOME STATEMENT	H1 2023 (in €k)	H1 2022 (in €k)	CHANGE (in %)
 REVENUE	54,829	49,376	+11.0
 TOTAL COSTS OF OPERATIONS	-41,921	-34,753	+20.6
Personnel expenses	-10,371	-10,280	+0.9
Other operating expenses	-31,609	-24,492	+29.1
Marketing expenses	-20,021	-13,941	+43.6
Direct operating expenses	-5,410	-4,981	+8.6
Indirect operating expenses	-6,178	-5,570	+10.9
 EBITDA	13,763	16,447	-16.3
Amortisation and depreciation	-4,421	-4,302	+2.8
EBIT	9,342	12,145	-23.1
Net profit after taxes	5,586	9,432	-40.8

REVENUE

Revenue increased by 11% due to the strong growth of billings.

TOTAL COSTS OF OPERATIONS

Total costs of operations increased by 20% compared to previous year.

Personnel expenses:

Personnel expenses remained stable. The average number of employees (FTEs) rose year on year from 158 to 168.

Marketing expenses:

Marketing expenses increased by 44% as marketing activities were significantly increased during periods of high jackpots such as June.

Direct operating expenses:

Direct operating expenses increased only by 9%, while billings increased by 15% due to savings in age verification and lottery clubs.

Indirect operating expenses:

Indirect operating expenses were up by 11%, mainly due to an increase in costs for consulting services for our Spanish ONCE business and additional provisions for litigation, as well as for travel, training and entertaining costs.

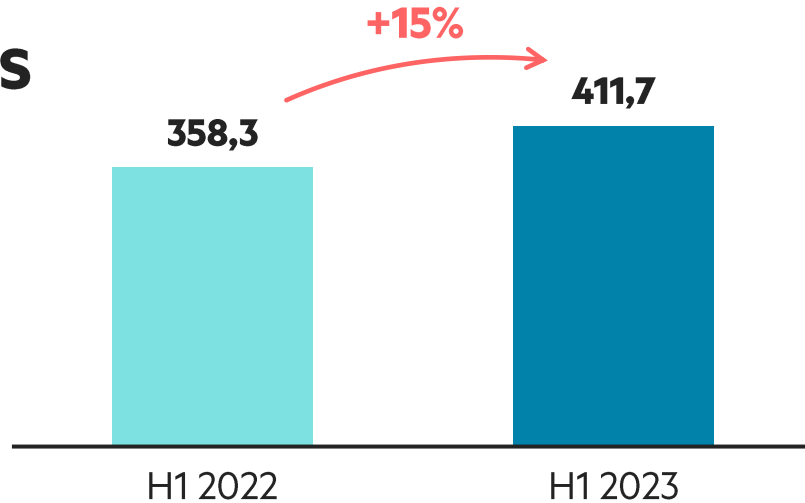
EBITDA

EBITDA fell by 16% mainly as a result of the strong increase in marketing expenses.

OTHER PERFORMANCE INDICATORS I

BILLINGS

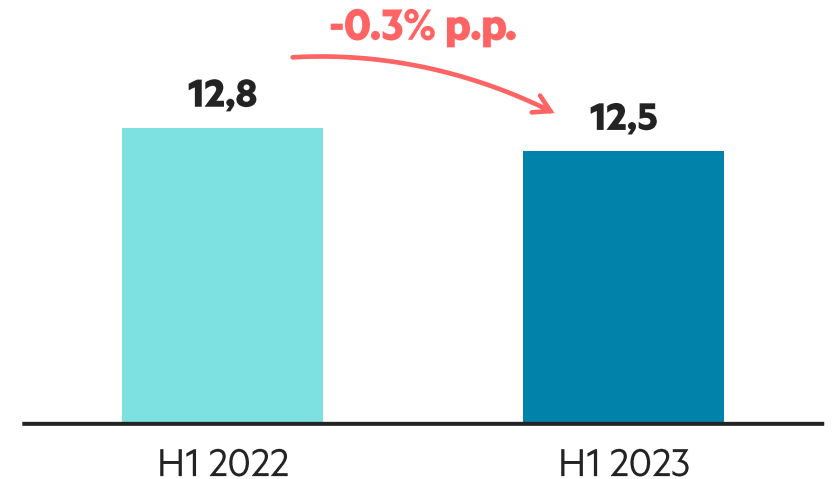
in € thousands



Growth accelerated

GROSS MARGIN

(Germany Segment) in %

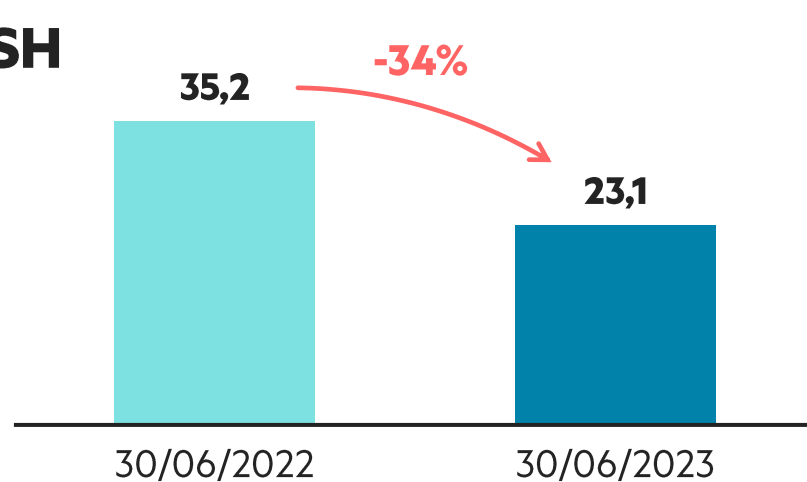


Due to the product mix gross margin declined

OTHER PERFORMANCE INDICATORS II

NET CASH

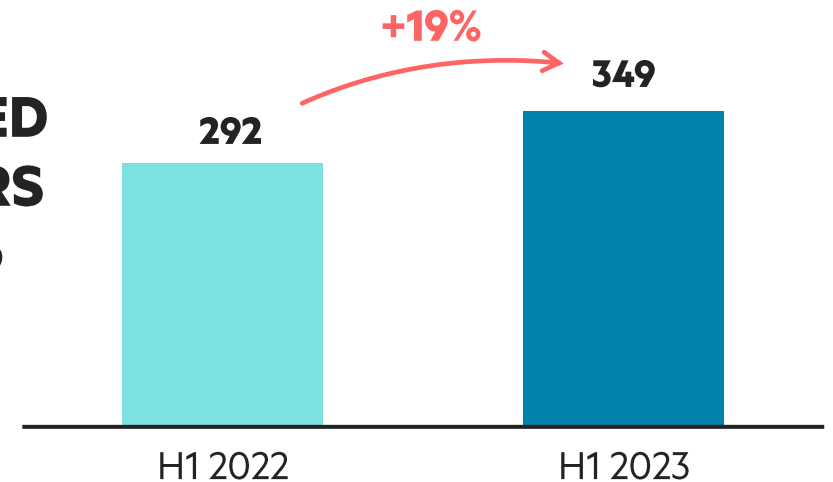
in € millions



Net cash development was strongly influenced by the special dividend paid.

NEW REGISTERED CUSTOMERS

(Germany Segment)
in thousands

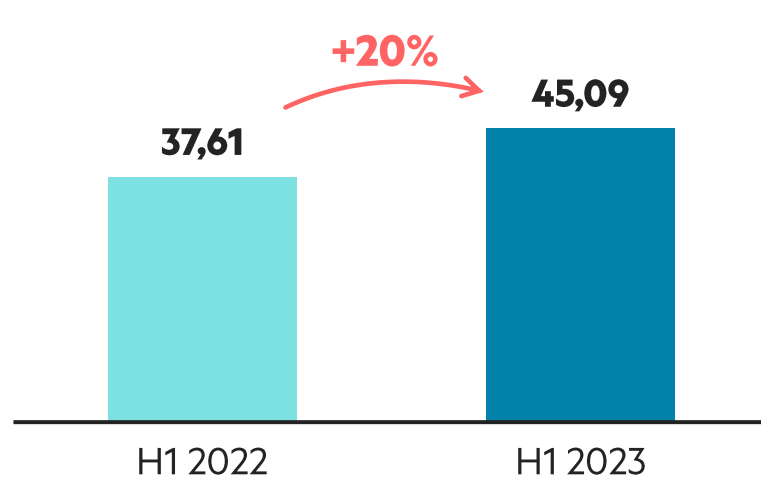


High jackpot phase led to significant expansion of our customer base

OTHER PERFORMANCE INDICATORS III

COST PER LEAD, CPL

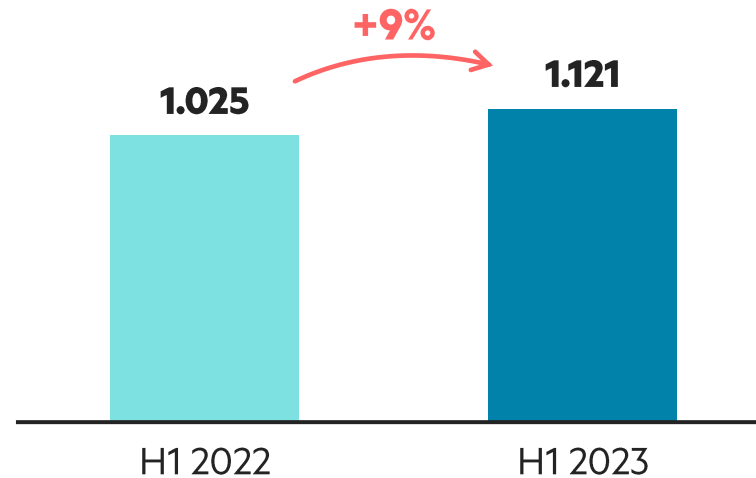
(Germany segment)
in €



The general increase in media costs and more intensive online advertising by our competitors resulted in a higher cost per lead

MONTHLY ACTIVE USERS (MAU)

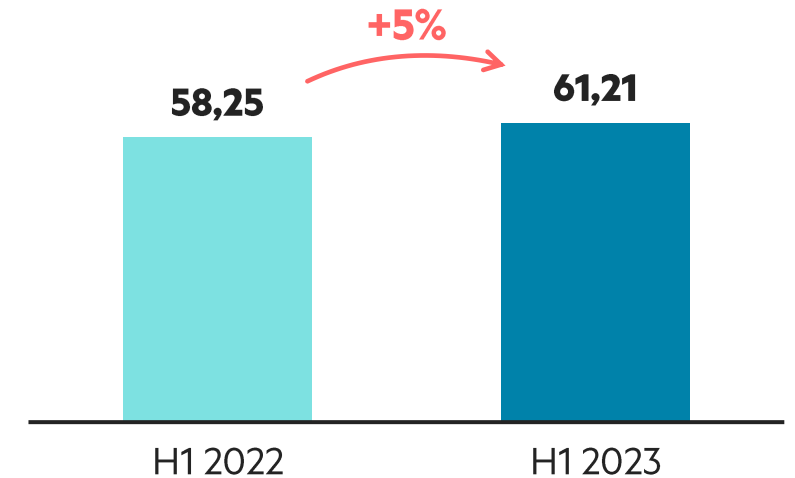
(Germany segment)
in thousands



Continuous increase in the customer base and higher activity during high jackpot phases leads to an increase in MAU

AVERAGE BILLINGS PER USER, ABPU

(Germany segment)
in €



Further increase at a very high level

GUIDANCE 2023: RAMPING UP FOR THE NEXT PHASE OF GROWTH

In €m	2023 GUIDANCE	2022
→ 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

- 📈 ZEAL continues to grow
- 📈 Games business launched successfully in June
- 📈 Customer acquisition accelerated
- 📈 High jackpot situation initiated massive marketing measures



Tipp24

freiheit+
DEINE LOTTERIE FÜR MEHR LEBEN

ZEAL INSTANT GAMES



A man and a woman are laughing together. The man is on the left, wearing a plaid shirt, and the woman is on the right, wearing a white sweater. A smartphone is held in the foreground, partially obscuring the bottom right. The background is a blurred indoor setting. The text 'Question Answer' is overlaid in white, with a red arrow pointing from 'Question' to 'Answer' and red exclamation marks above 'Question'.

Question Answer

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APPENDIX

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET IN €K

INCOME STATEMENT	H1 2023 (in €k)	H1 2022 (in €k)	CHANGE (in %)		BALANCE SHEET	30/06/23 (in €)	31/12/22 (in €)	CHANGE (in %)
Revenue	54,829	49,376	+11.0		Current assets	73,665	139,538	-47.2
Total costs of operations	-41,921	-34,753	+20.6		Non-current assets	314,084	320,197	-1.9
EBITDA	13,763	16,447	-16.3		ASSETS	387,749	459,736	-15.7
EBIT	9,342	12,145	-23.1	→	Current liabilities	50,539	44,562	+13.4
Profit before taxes	8,762	12,247	-28.5		Non-current liabilities	76,393	81,137	-5.8
Net Profit	5,586	9,432	-40.8	→	Equity	260,817	334,037	-21.9
					EQUITY & LIABILITIES	387,749	459,736	-15.7

BUSINESS UNIT SEGMENT REPORTING AS OF 30/06/23 IN €K

	GERMANY	OTHER	TOTAL
Revenue	52,252	2,577	54,829
Other operating income	855	0	855
 EBITDA	13,160	603	13,763
Depreciation/amortisation	-	-	-4,421
 EBIT	-	-	9,342
Financial result	-	-	-580
Share of loss from associates			-0
 EBT	-	-	8,762
Income tax	-	-	-3,176
 NET PROFIT/LOSS	-	-	5,586

FINANCIAL CALENDAR 2023



KPIS

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
→ BILLINGS (in €m)	169.5	160.4	163.3	181.2	177.1	186.1	214.1	201.2	210.5
→ ABPU (in €)	58.40	54.40	58.00	58.31	58.18	58.90	60.73	60.99	61.42
→ MAU (in k)	968	982	938	1,036	1,015	1,053	1,175	1,100	1,142
→ CPL (in €)	32.12	17.65	29.61	38.10	37.07	34.76	34.86	36.77	50.83

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