

ZEAL

EARNINGS CALL

Quarterly Statement Q3
as of 30 September 2022

10 November 2022



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL VENTURES

CONTENT

- Summary
- Financial Update
- Share buy-back Offer
- Guidance 2022
- Key Take-Aways



SUMMARY 9M 2022

- Highest jackpot in the history of Germany reached in July
- Strong expansion of the customer base
- Appeal proceedings on VAT concluded in favour of ZEAL
- LOTTO24 product portfolio now accessible via the n-tv website



CURRENT REGULATION - LICENSING PROCEDURE

New GlüStV 2021

- No expiry date (can't be terminated before 2028)
- Opportunities: Games, Sports Betting

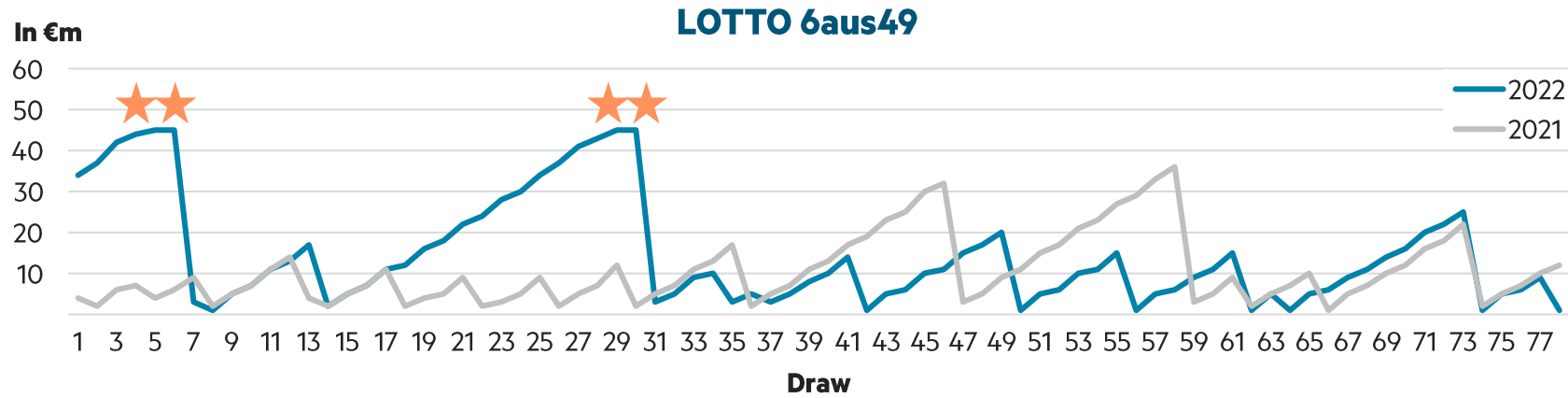
Broker Licence

Lotto24 broker permit valid until 30 June 2029

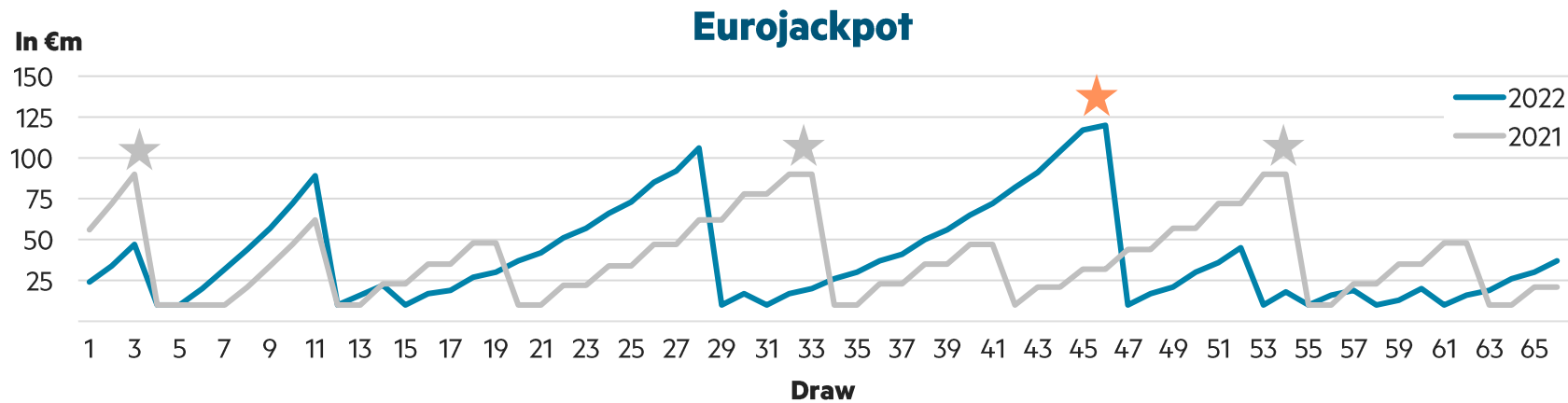
Games Licence (still pending)

- All documents submitted, all requirements fulfilled
- Acc. to our information, the regulator is currently assessing how to treat state lotteries which apply for a games licence, due to their specific role as monopolists. This is slowing down the process for private lottery companies like us as well.
- We assume the issues will be resolved by the gambling supervision authority within the next few months and that the corresponding permits could be issued

JACKPOT DEVELOPMENT – 5 PEAKS IN 2022 VS. 3 PEAKS IN 2021



in €m	Average	Peak
YTD 2022	14	4
YTD 2021	10	0



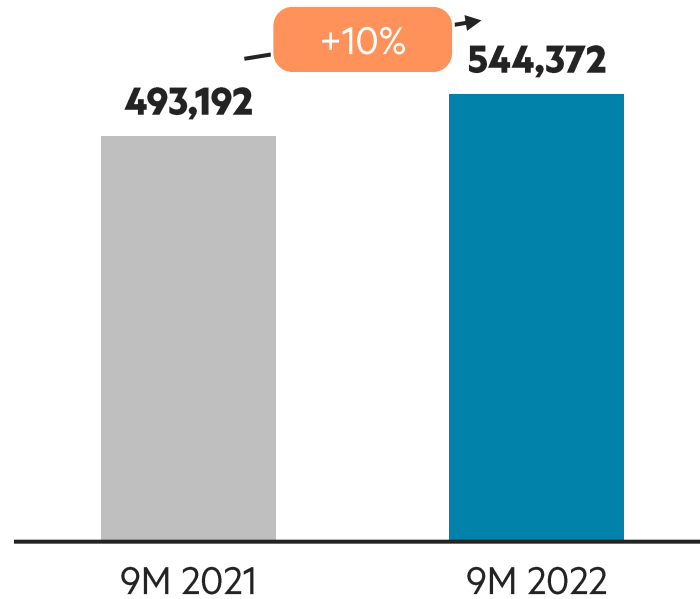
in €m	Average	Peak
YTD 2022	39	1
YTD 2021	38	3

ZEAL INCOME STATEMENT 9M 2022 - CONDENSED

INCOME STATEMENT	9M 2022 (in €k)	9M 2021 (in €k)	CHANGE (in %)	COMMENTS
REVENUE + Income from jackpot insurance	74,451	65,053	+14.4	<p>REVENUE: Revenue and Income from jackpot insurance increased by 14% due to the higher activity plus better performance of our high margin products</p> <p>TOTAL COSTS OF OPERATIONS: Total costs of operations increased by 14% compared to previous year</p> <ul style="list-style-type: none"> • Personnel expenses: Personnel expenses decreased (159 vs 158 average FTE's) mainly results from the weaker development of the LTI provisions, due to the decrease of the ZEAL share price in the last 3 months • Marketing expenses: Higher jackpots (especially in July) was successfully capitalized with higher marketing investments and resulted in good customer acquisition numbers • Direct operating expenses: Increase of only 3% although billings increased by 10%. • Indirect operating expenses: Increase in indirect operating expenses of 24%, mainly due to a one-off effect in the same period of the previous year (release of a provision of € 0.4m for a legal dispute), an increase of € 0.4m in travel, training and entertaining costs as well as an increase in insurance costs by € 0.3m <p>EBITDA: EBITDA increased by 25% thanks to the higher revenues while cost base (excl. marketing) was kept stable</p>
TOTAL COSTS OF OPERATIONS	-54,567	-47,701	+14.4	
Personnel expenses	-13,935	-14,485	-3.8	
Other operating expenses	-40,632	-33,216	+22.3	
Marketing expenses	-24,096	-18,615	+29.4	
Direct operating expenses	-7,697	-7,470	+3.0	
Indirect operating expenses	-8,839	-7,131	+24.0	
EBITDA	21,993	17,649	+24.6	
Amortisation and depreciation	-6,518	-6,573	-0.8	
EBIT	15,475	11,076	+39.7	
Net profit after taxes	12,142	7,344	+65.3	

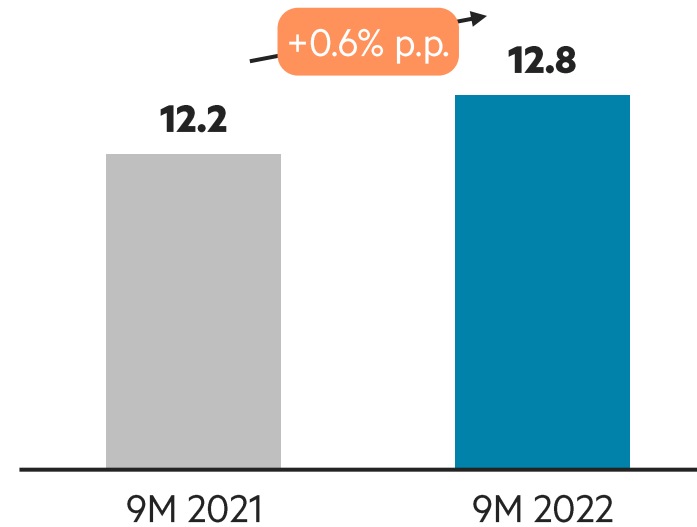
OTHER PERFORMANCE INDICATORS I

BILLINGS
in € thousands



10% Increase thanks to better jackpot development

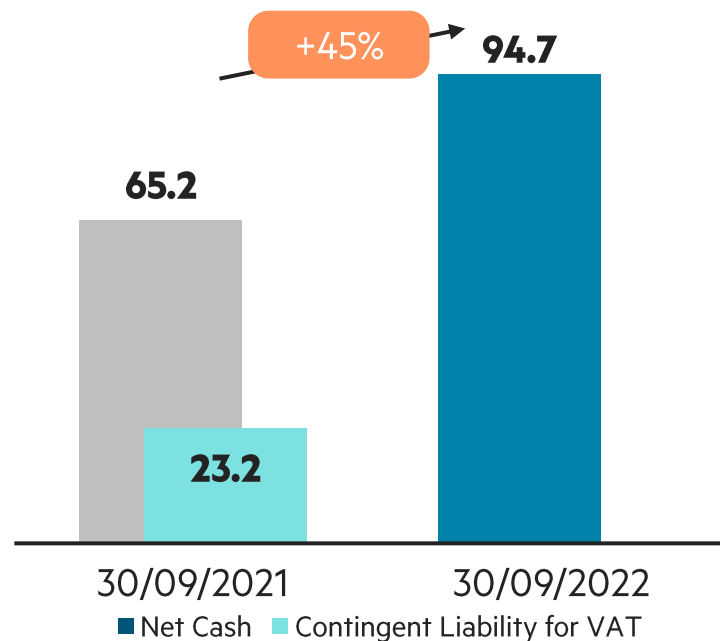
GROSS MARGIN
(GERMANY SEGMENT)
in %



Gross margin increased due to a more favorable product mix

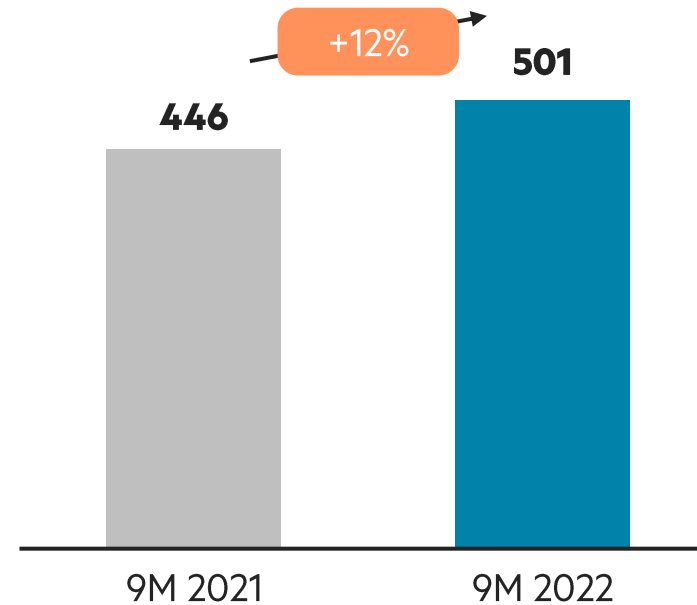
OTHER PERFORMANCE INDICATORS II

NET CASH
in € millions



Strong net cash generation driven by operating profitability and the inclusion of the VAT receivable

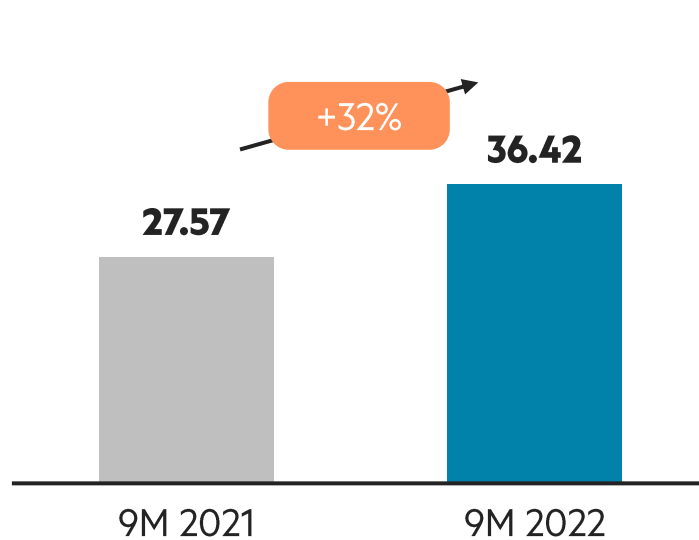
NEW REGISTERED CUSTOMERS
(GERMANY SEGMENT)
in thousands



Higher customer acquisition through increased marketing activities at slightly better jackpots

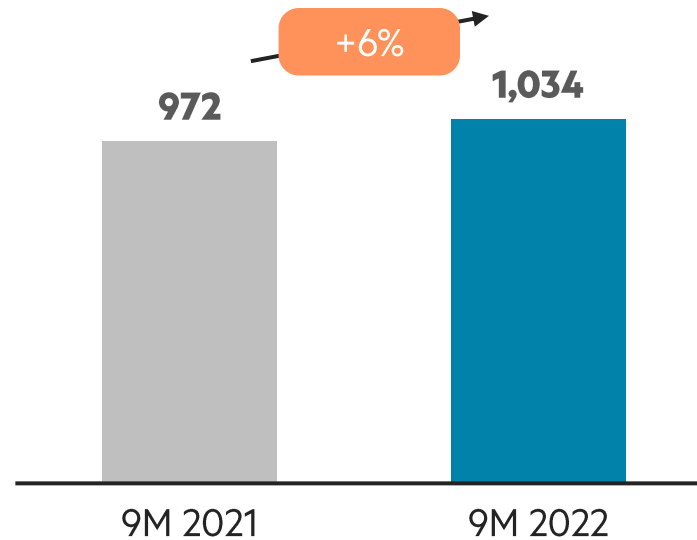
OTHER PERFORMANCE INDICATORS III

COST PER LEAD, CPL
(GERMANY SEGMENT)
in €



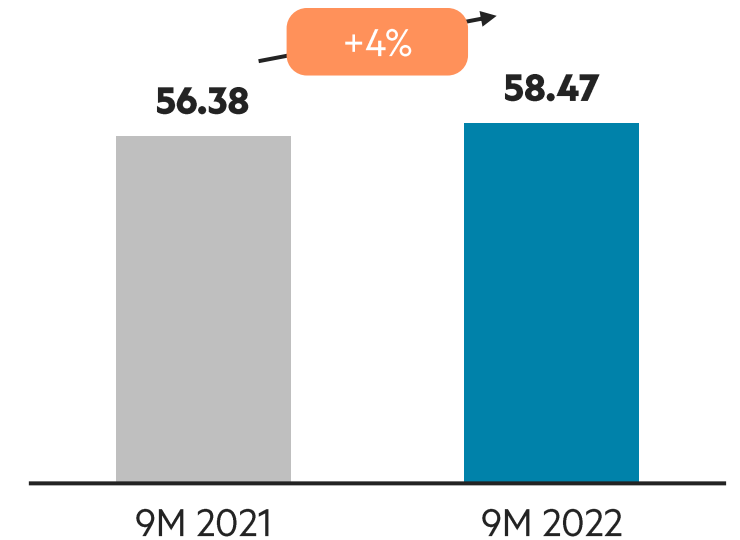
Two special campaign for led to this temporary increase. Without this special effects, CPL was € 34.58

MONTHLY ACTIVE USERS
(MAU)
(GERMANY SEGMENT)
in thousands



Better Jackpot development results in an increase of active customers per month

AVERAGE BILLINGS PER USER, ABPU
(GERMANY SEGMENT)
in €



Stabilized at a high level



SHARE BUY-BACK

SHARE BUY-BACK OFFER

- Attractive premium of almost 10% on the reference price
- Offer price EUR 28.00 per share
- Acceptance period: 9 Nov. – 29 Nov. 2022
- Purchase of a total of up to 714,285 shares (up to 3.2% of the share capital)
- Offer document published on 9 November on corporate website
- Optimization of the capital structure and return value to shareholders



CONSOLIDATED GUIDANCE 2022

In €m	2022 GUIDANCE	2021 ACTUAL	GROWTH RATES
Billings (Germany segment)	at least 750	656.5	> +14%
Revenue¹⁾	at least 105	86.8	> +21%
EBITDA	at least 30	27.7	> +8% > +60% ²⁾

¹⁾ Including income from jackpot insurance

²⁾ Adjusted for one-off effects and marketing savings in 2021

In our fiscal year 2022, we plan to maintain our position as the leading online provider of lottery products.

Depending on the general conditions – and an average jackpot development – we anticipate billings of at least €750 million for the Germany segment. Moreover, we expect revenue to be at least €105 million in fiscal year 2022. Adjusted EBITDA is expected to reach at least €30 million.

Compared to the previous year, we plan to invest significantly more in the acquisition of new customers and expect marketing expenses of around €30 million.



KEY TAKE-AWAYS

KEY TAKE-AWAYS

- Profitability continues to rise
- Strong customer acquisition
- No significant business impact identified due to current changes in the geopolitical and economic environment
- VAT case won
- Share buy-back tender offer started





Questions

Answers

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CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET IN €K

INCOME STATEMENT	9M 2022 (in €k)	9M 2021 (in €k)	CHANGE (in %)
Revenue + Income from jackpot insurance	74,451	65,053	+14.4
Total costs of operations	-54,573	-48,081	+13.5
EBITDA	21,993	17,649	+24.6
EBIT	15,475	11,076	+39.7
Profit before taxes	15,485	10,760	+43.9
Net Profit	12,142	7,893	+65.3

BALANCE SHEET	30/09/22 (in €)	31/12/21 (in €)	CHANGE (in %)
Current assets	126,813	176,331	-28.1
Non-current assets	321,273	327,067	-1.8
ASSETS	448,086	503,398	-11.0
Current liabilities	32,096	48,660	-34.0
Non-current liabilities	65,103	69,796	-6.7
Equity	350,886	384,942	-8.8
EQUITY & LIABILITIES	448,086	503,398	-11.0

BUSINESS UNIT SEGMENT REPORTING AS OF 30/09/22 IN €K

	GERMANY	OTHER	TOTAL
Revenue	70,976	3,476	74,451
Other operating income	811	1,304	2,115
EBITDA	20,134	1,859	21,993
Depreciation/amortisation	-	-	-6,518
EBIT	-	-	15,475
Financial result	-	-	133
Share of loss from associates	-	-	-122
EBT	-	-	15,485
Income tax	-	-	-3,343
NET PROFIT/LOSS	-	-	12,142

KPIs

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
BILLINGS (in €m)	157.3	181.0	163.3	169.5	160.4	163.3	181.2	177.1	186.1
ABPU (in €)	54.9	61.3	56.3	58.3	54.4	58.0	58.3	58.2	58.9
MAU (in k)	954	984	966	968	982	938	1,036	1,015	1,053
CPL (in €)	28.96	28.79	33.48	32.12	17.65	29.61	38.10	37.07	34.76

FINANCIAL CALENDAR 2022 [ALTERNATIVE]



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