

ZEAL

28.02.2023

PRELIMINARY ANNUAL RESULTS 2022

+

BUSINESS OUTLOOK 2023

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GUIDANCE 2023

+

DIVIDEND 2023



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL VENTURES

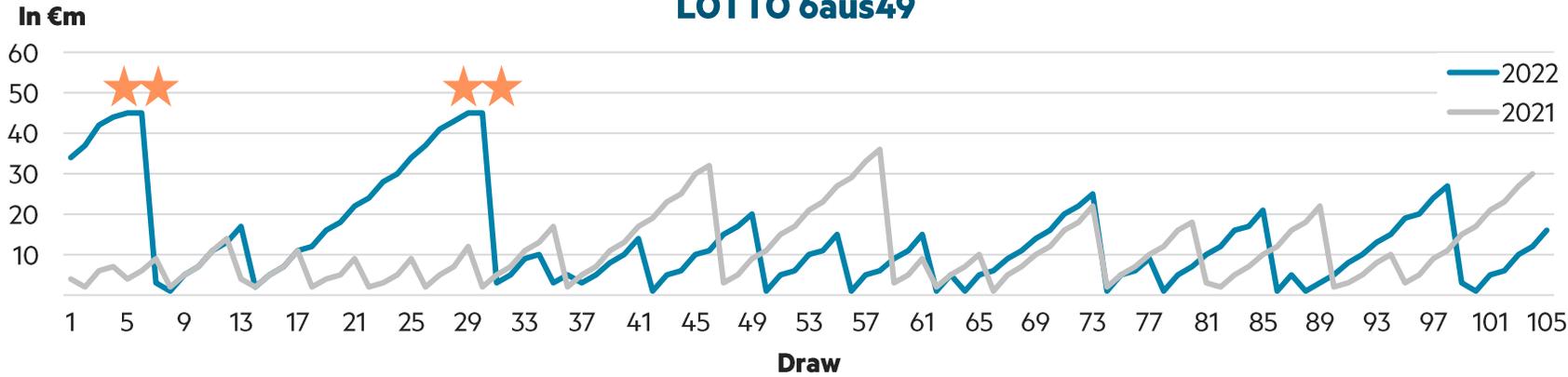
SUMMARY: ZEAL DELIVERED ON GOALS IN FY 2022

- Ambitious growth objectives achieved in a challenging environment
- Online market share expanded to around 41%
- VAT case won, resulting in a high special dividend
- Continued business growth expected
- Broker licence extended until 2029
- Tight cost control resulted in strong EBITDA, 14% growth YoY



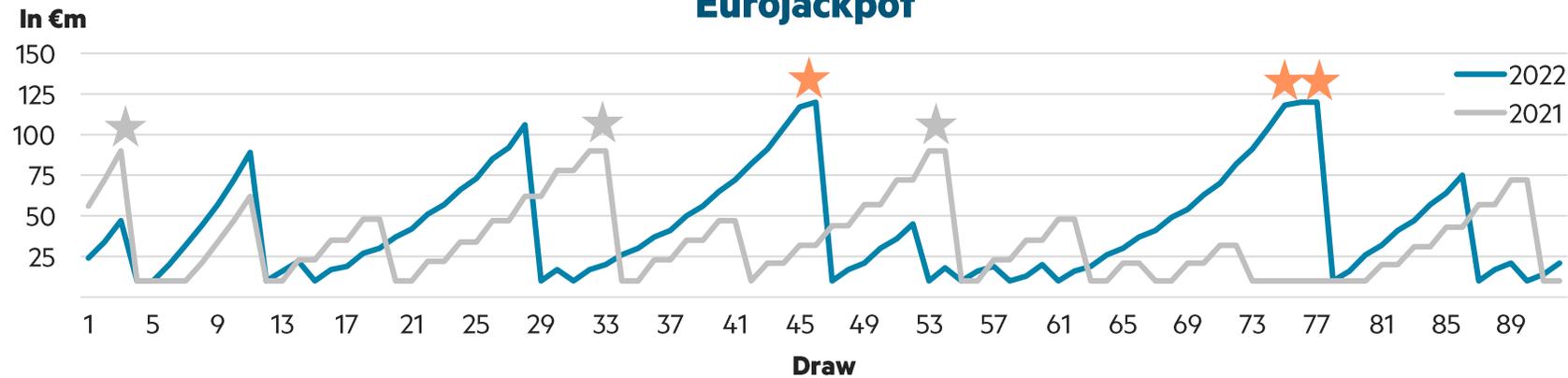
JACKPOT DEVELOPMENT – 7 PEAKS IN 2022 VS. 3 PEAKS IN 2021

LOTTO 6aus49



in €m	Average	Peak
YTD 2022	14	4
YTD 2021	11	0

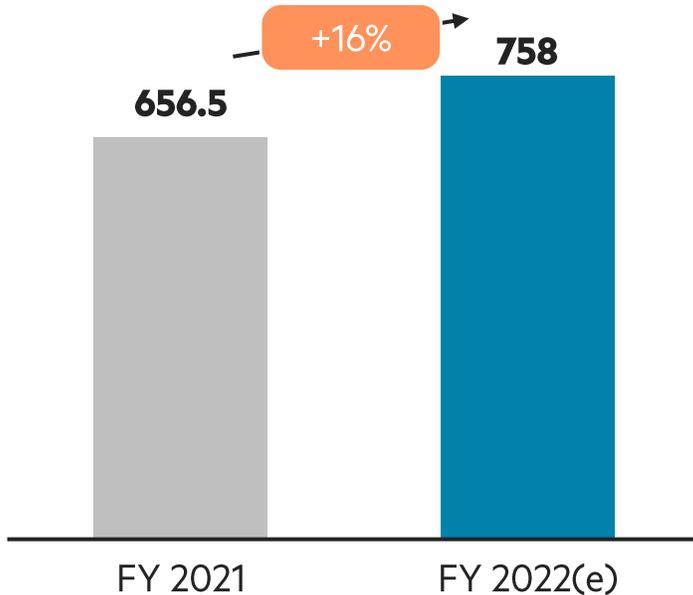
Eurojackpot



in €m	Average	Peak
YTD 2022	43	3
YTD 2021	34	3

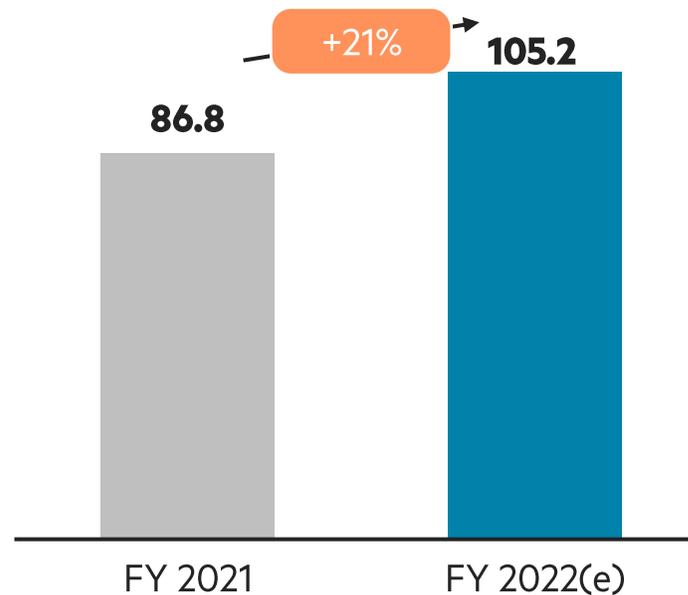
PRELIMINARY RESULTS FY 2022: AMBITIOUS GUIDANCE ACHIEVED

BILLINGS
in € million



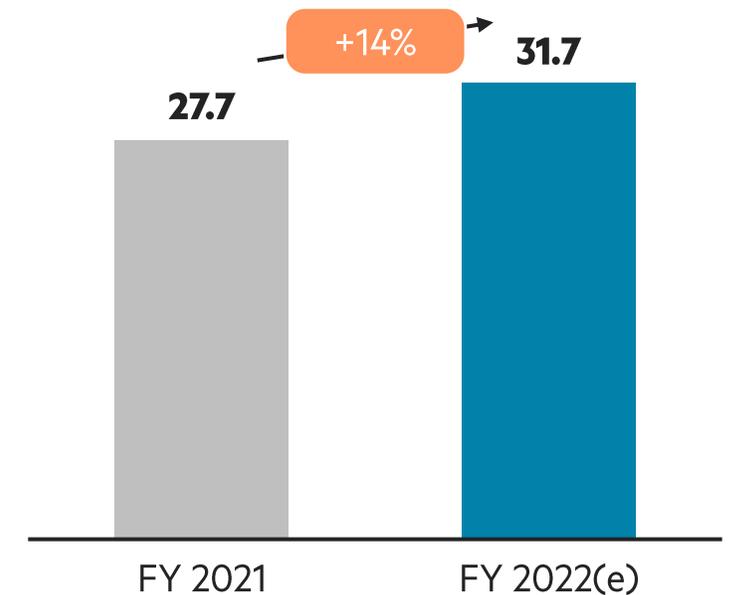
16% Increase, in part thanks to better jackpot development

REVENUE*
in € million



Stronger margin product mix leads to disproportionate increase in revenue

EBITDA
in € million

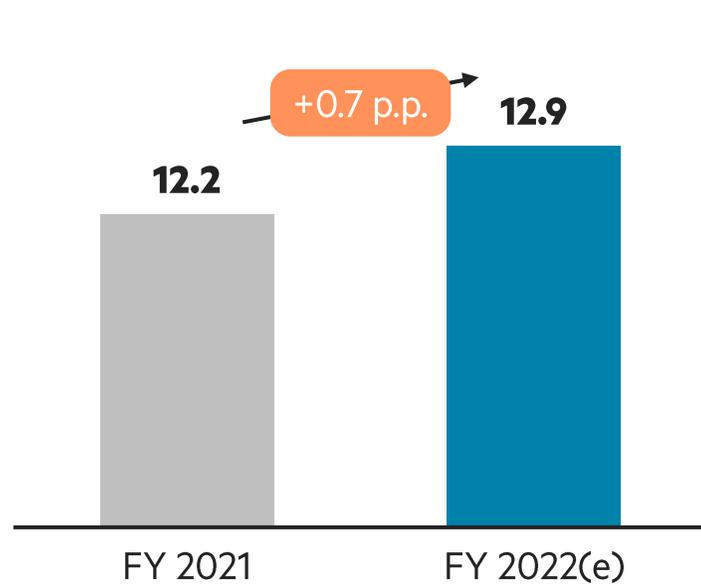


Increase in profitability despite significant expansion of marketing activities

* Revenue + Income from jackpot insurance

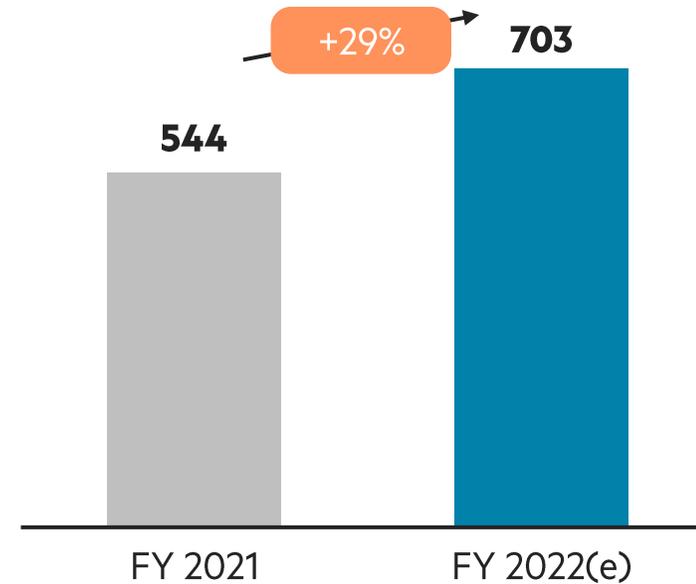
PRELIMINARY RESULTS FY 2022: CONTINUED CUSTOMER GROWTH

GROSS MARGIN
(GERMANY SEGMENT)
in %



Gross margin increased due to a more favorable product mix

NEW REGISTERED
CUSTOMERS
in thousand

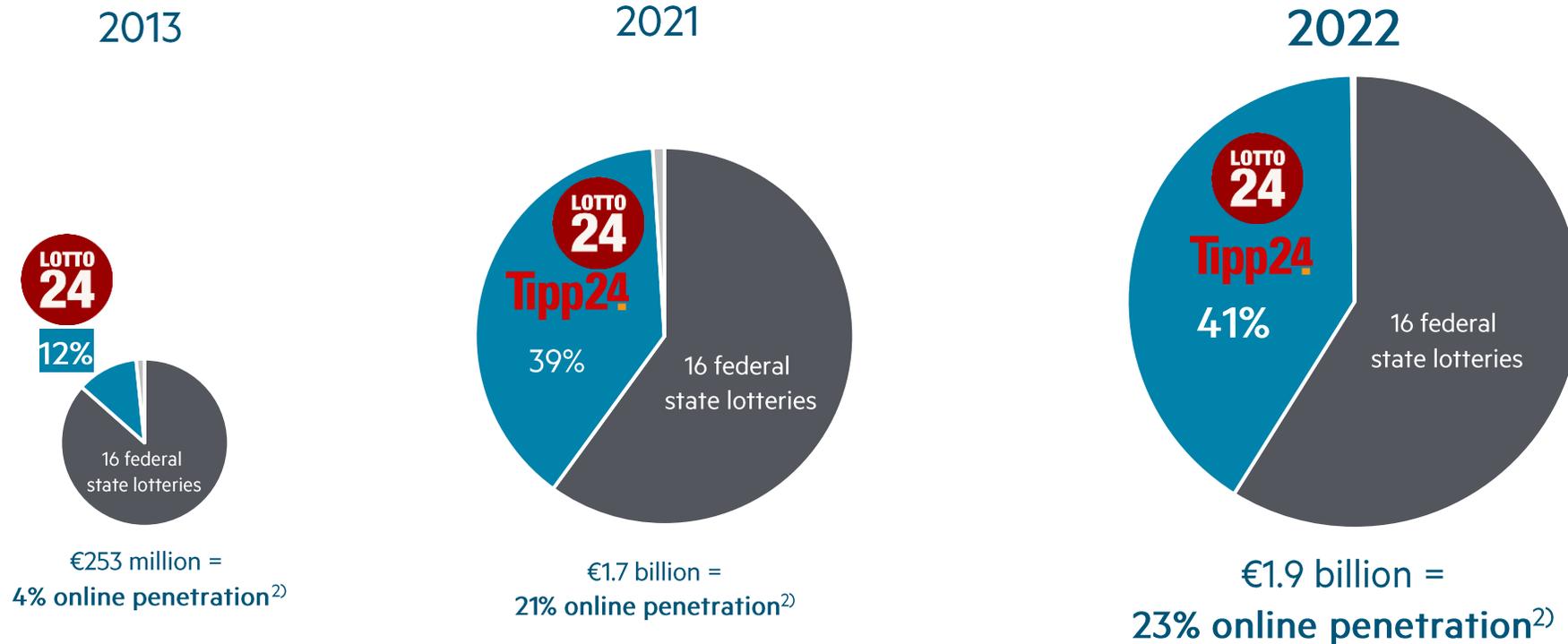


Efficient acquisition, especially during high Jackpot phases, led to a significant increase in new customers

PRELIMINARY CONDENSED INCOME STATEMENT FY 2022

INCOME STATEMENT	FY 2022(e) (in €m)	FY 2021 (in €m)	CHANGE (in %)	COMMENTS
REVENUE + Income from jackpot insurance	105.2	86.8	+21.2	REVENUE: Revenue and Income from jackpot insurance increased by 21% due to favourable product mix in combination with increased transaction volume
TOTAL COSTS OF OPERATIONS	-75.9	-60.2	+26.0	TOTAL COSTS OF OPERATIONS: Total costs of operations increased by 26% compared to previous year
Personnel expenses	-18.9	-19.0	-0.8	<ul style="list-style-type: none"> Personnel expenses: Personnel expenses decreased slightly (161 vs 157 average FTE's) mainly as a result from the lower LTI provisions partly offset by the increase from cost inflation
Other operating expenses	-57.0	-41.1	+38.6	
Marketing expenses	-34.1	-22.4	+52.6	<ul style="list-style-type: none"> Marketing expenses: Higher jackpots (especially in Jul. and Nov.) were successfully capitalised with € 11m higher marketing investments, which in turn led to strong customer acquisition numbers
Direct operating expenses	-10.7	-9.6	+11.2	<ul style="list-style-type: none"> Direct operating expenses: Increase of 11% in line with the 16% increase in billings
Indirect operating expenses	-12.2	-9.2	+32.8	<ul style="list-style-type: none"> Indirect operating expenses: Increase in indirect operating expenses of 33%, mainly due several special effects: 1) a one-off effect in the same period of the previous year (release of a provision of € 0.9m for a legal dispute), 2) an increase in consultancy costs of €1.0m, 3) an increase of €0.5m in travel, training and entertaining costs 4) and an increase in insurance costs by €0.4m
EBITDA	31.7	27.7	+14.1	EBITDA: EBITDA increased by 14% thanks to higher revenues despite higher total costs of operations (especially marketing expenses)

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



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: €7.0 billion/ 2021: €7.9 billion, 2022: €8.0 billion

STICKY & ROBUST BUSINESS MODEL UNAFFECTED BY UNFAVOURABLE MACRO OUTLOOK

Macro Outlook for 2023

- Recession in Germany expected in 2023*
- Inflation- and interest-rates to remain on a high level*
- Reduced consumer confidence
- Many households are particularly worried about the future economic situation



ZEAL expects further profitable growth in the coming years based on

- **Low correlation with consumer confidence**
- **High stickiness**
- **New products and business areas**

* Autumn projection by the Federal Government

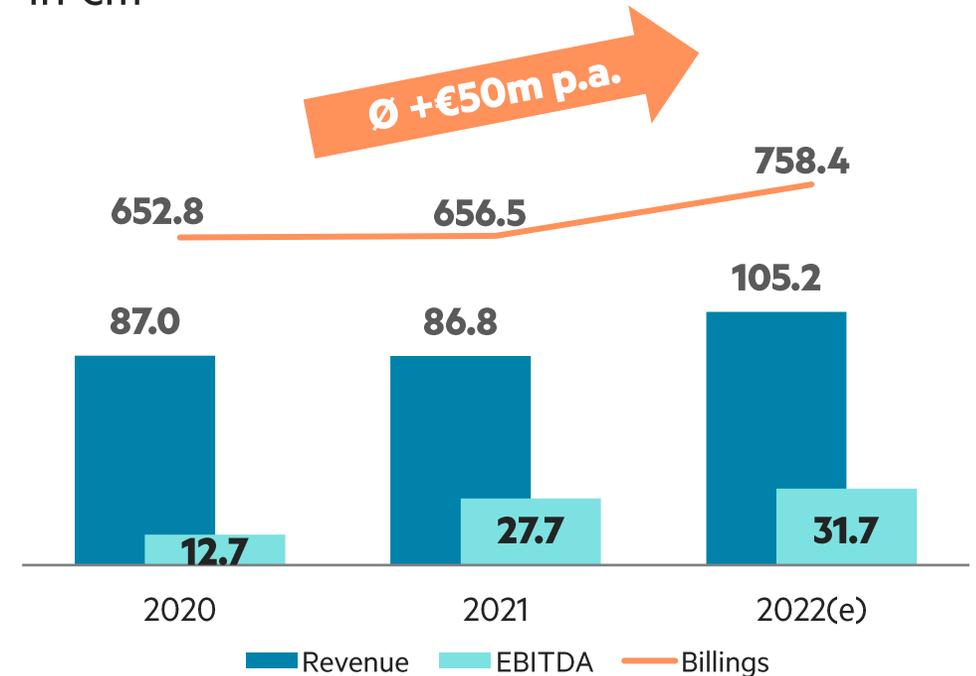
SCALABLE ATTRACTIVE BUSINESS MODEL WITH EXCITING OPPORTUNITIES FOR FURTHER GROWTH, BOTH IN CORE AND WITH NEW BUSINESSES

- Long-term broker permit extended (2029)
- Market leader among online lottery in Germany with superior economies of scale and with a national offer
- Unique, scalable, strong cash-generating business model (>85% of incremental revenues either grow profitability and/or can be reinvested into growth)

- Growth opportunities in core business (driven by additional efficient marketing invest)
- Games business will bring high value contribution and CLV increase after ramp-up phase
- Opportunity to further expand charity business

With these opportunities, we plan to prioritize top line growth over short-term profitability due to the high value creation

in €m



INCREASED MARKETING ACTIVITIES PLANNED: ACCELERATE GROWTH AND CAPTURE FURTHER MARKET SHARE

- ZEAL plans to maintain high growth rates and to gain further market share as lottery players continues to move online
- Growth is highly marketing-driven, therefore developing and expanding additional marketing activities while maintaining our efficiency targets (i.e., payback period, return on investment)
- Strong and predictable value creation:
In 2022, €1 in marketing investment resulted in >€3 of revenue lifetime value (net present value)
- We have successfully increased conversion rates, customer loyalty, profit margins and found new scalable channels → Resulting in better marketing efficiency

**Plan to expand marketing costs in FY 2023 in the range of
€34 million to €39 million**

High net present value expected for the company

NEW PRODUCTS AS KEY GROWTH ACCELERATORS

Games

- Proven business model between 2015-2018 with high growth rates
- Instant win games already very popular outside of Germany
- Strong gross margin between 20-25%
- Tech is launch ready
- Profitable on day 1



Charity lotteries

- Charity lottery segment successfully launched
- Gross margin higher than brokerage model
- Charity lotteries well accepted by customers
- Additional potential identified, but requires additional product and marketing investment

GAMES LAUNCH EXPECTED IN H1 2023

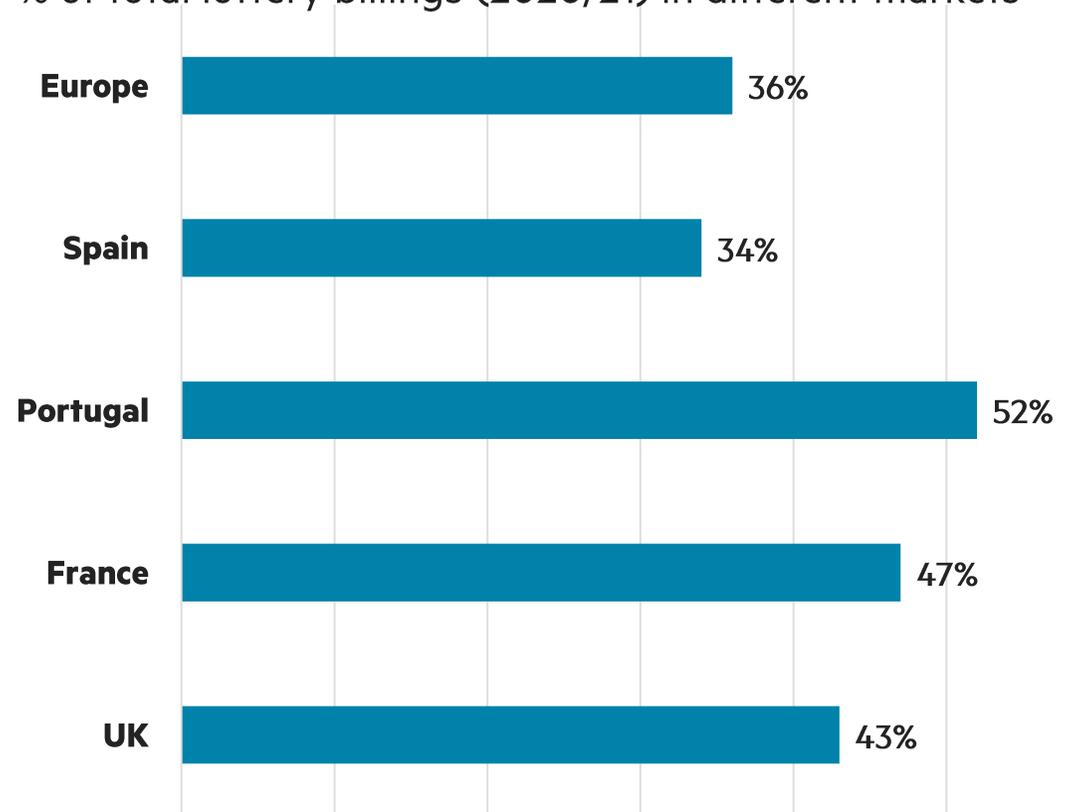


- Games license pending with positive signs of short-term approval
 - Originally expected for mid-2022 but delayed due to political discussions in ‘Glücksspielkollegium‘
 - Major ramp-up now expected for H2 2023 – **full business roll-out in 2024**
 - ZEAL frontrunner in the lottery segment among peers with strong opportunity to capture early growth in new market segment
- Well-prepared launch and roll-out strategy:
 - Product portfolio of 50 games to be launched in 2023
 - Launch through existing commercial platform with separate front-end to benefit from economies of scale
- Short-term ramp-up to 200 games after one year

INSTANT WIN GAMES ARE ALREADY VERY POPULAR IN OTHER MARKETS

Instant win Games:

% of total lottery billings (2020/21) in different markets



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

Source: La Fleur's 2022 European Lottery Abstract , The European Lotteries, ONCE

GUIDANCE 2023: RAMPING UP FOR THE NEXT PHASE OF GROWTH

In €m	2023 GUIDANCE	2022(e)
Billings (Germany segment)¹⁾	800-830	758.4
Revenue²⁾	110-120	105.2
EBITDA³⁾	30-35	31.7

¹⁾ Based on an average jackpot development

²⁾ Including income from jackpot insurance;

³⁾ Marketing expenses of €34m - €39m are expected

- 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)



DIVIDEND PROPOSAL 2023

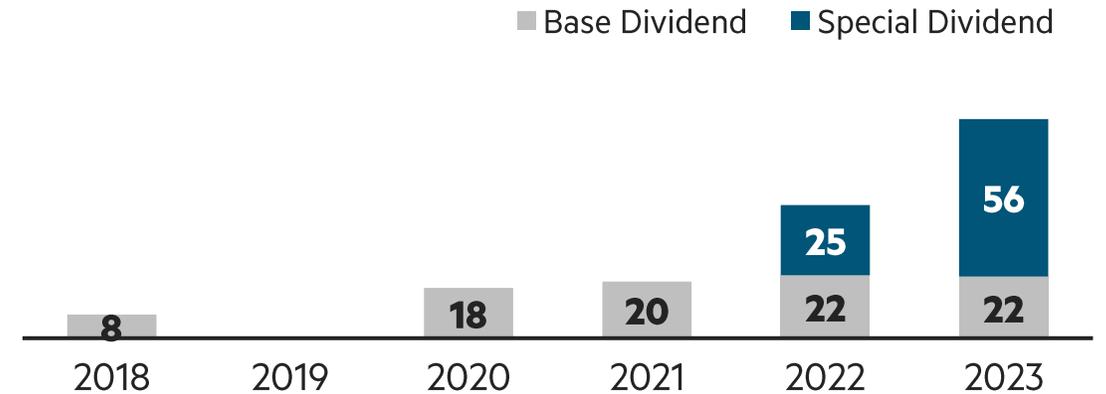
DIVIDEND

Based on the continuing positive liquidity situation in 2022 and the expected increase in future profitability, combined with the aim to further optimising the capital structure, we intend to return another large portion of cash to our shareholders

Proposal of a total amount of pay-out of € 78m (base dividend €1.00 per share + special dividend €2.60 per share) to the upcoming AGM on 9 May 2023

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.

FIVE REASONS TO INVEST IN ZEAL

- No. 1 in online lotteries in Germany
- Unique, cash generating business model
- Outstanding customer loyalty
- High growth opportunities in an underpenetrated market
- Attractive dividend proposal





Questions

Answers