

ZEAL

EARNINGS CALL

Quarterly Statement Q3
as of 30 September 2023

09 November 2023



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL VENTURES

CONTENT
CONTENT
CONTENT
CONTENT
CONTENT

- Summary
- Business Update
- Financial Update
- Guidance 2023
- Key Take-Aways



SUMMARY

SUMMARY 9M 2023

GROWTH INITIATIVES BRING SUCCESS

- ✂ Further strong business volume growth
- ⚡ Increased profitability despite expanded investment into customer acquisition and brand building
- ⚡ Games offerings expanded in third quarter





BUSINESS UPDATE

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

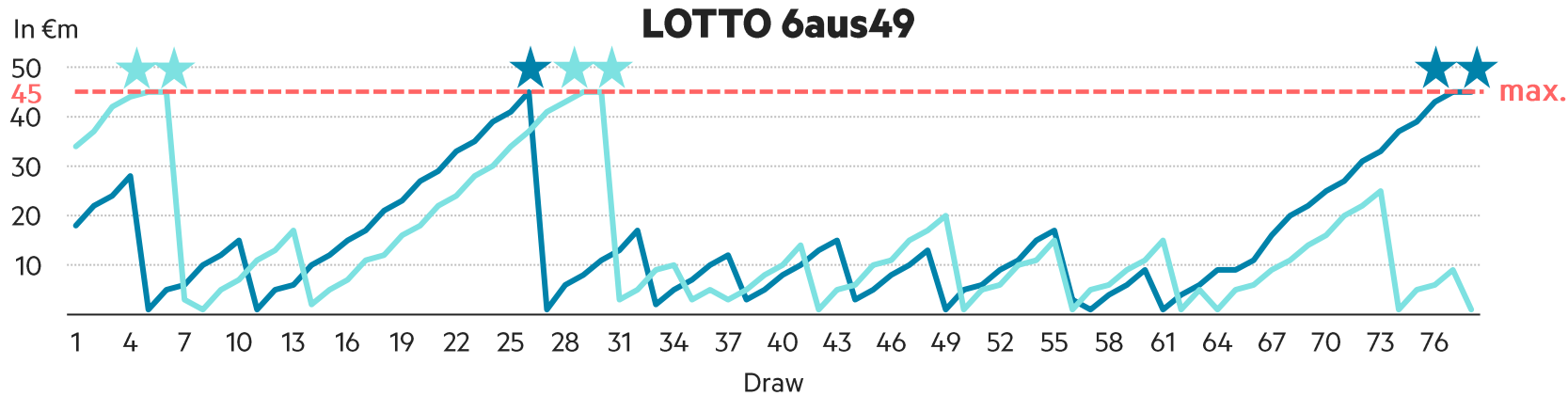
🚀 Continuous expansion and refreshing of the games portfolio

Currently 28 games online - more games will follow in the next weeks, but the authorities are still the bottle neck

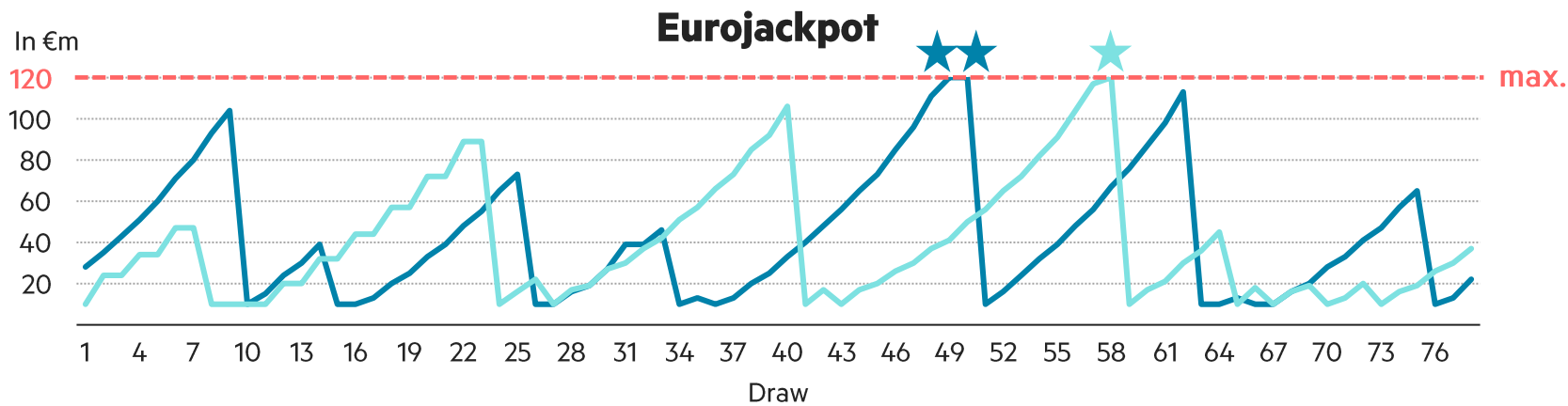


FINANCIAL UPDATE

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

ZEAL INCOME STATEMENT 9M 2023 – CONDENSED

INCOME STATEMENT	9M 2023 (in €k)	9M 2022 (in €k)	CHANGE (in %)
REVENUE	86,012	74,451	+15.5
- Lotteries	79,418	69,420	+14.4
- Games	1,216	-	-
TOTAL COSTS OF OPERATIONS	-63,927	-54,573	+17.1
Personnel expenses	-15,195	-13,935	+9.0
Other operating expenses	-48,796	-40,632	+20.1
Marketing expenses	-30,691	-24,096	+27.4
Direct operating expenses	-8,570	-7,697	+11.3
Indirect operating expenses	-9,535	-8,839	+7.9
EBITDA	23,168	21,993	+5.3
Amortisation and depreciation	-6,530	-6,518	+0.2
EBIT	16,637	15,475	+7.5
NET PROFIT AFTER TAX	10,093	12,142	-16.9

REVENUE

Revenue increased by 16% due to the strong growth of billings.

TOTAL COSTS OF OPERATIONS

Total costs of operations increased by 17% compared to previous year.

Personnel expenses:

Personnel expenses increased by 9% as the average number of employees rose from 159 to 170.

Marketing expenses:

Marketing expenses increased by 27% as marketing activities were significantly increased during periods of high jackpots such as June and September and we expanded our investment into brand building.

Direct operating expenses:

Direct operating expenses increased by 11% despite billings growth of 16% due to one-off costs relating to the set-up of lottery clubs in the previous year.

Indirect operating expenses:

Indirect operating expenses were up by 8%, mainly due to costs for strategic technical projects for our Spanish ONCE business, costs for external legal advice, an increase in software costs and additional provisions for litigation. This was partially offset by a decrease of insurance premiums for our social lotteries.

EBITDA

EBITDA increased by 5% mainly as a result of the strong increase of revenues despite increased customer acquisition costs and brand investment.

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.

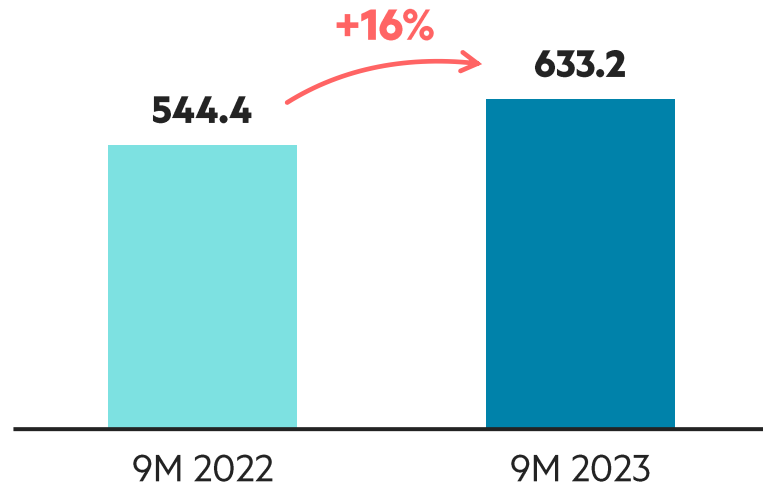
RTP

Return to player

OTHER PERFORMANCE INDICATORS I (LOTTERIES)

BILLINGS

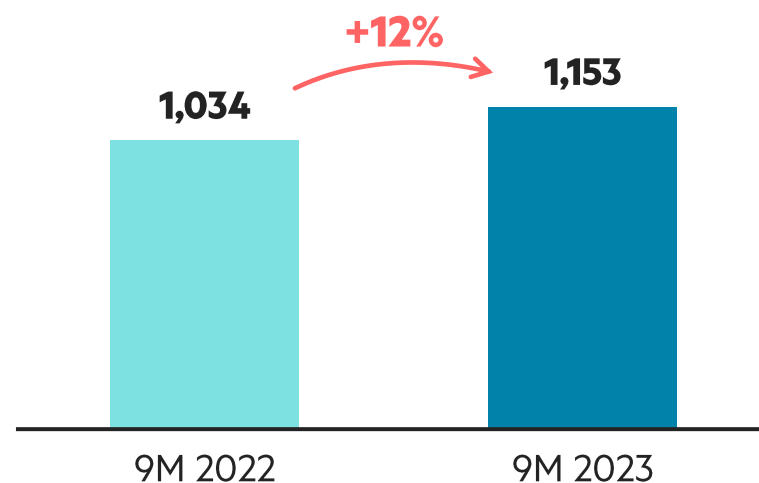
(Lotteries)
in € millions



Successful use of the high
jackpot phases

MONTHLY ACTIVE USERS (MAU)

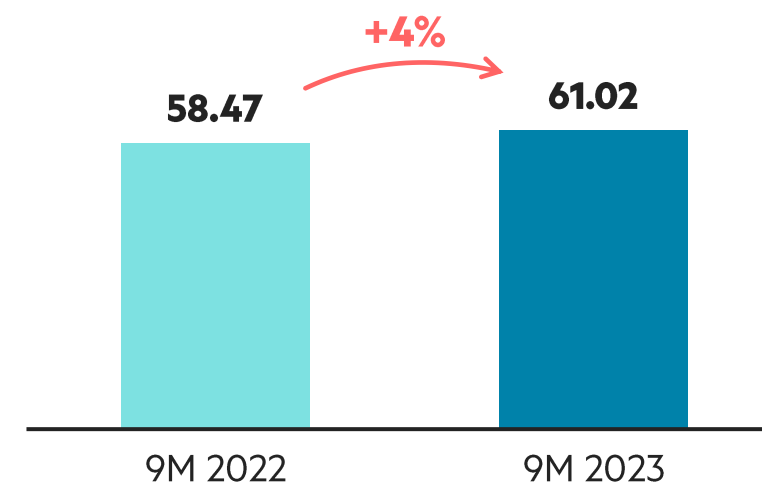
(Lotteries)
in thousands



Continuous increase in the customer base
and higher level of customer activity

AVERAGE BILLINGS PER USER, ABPU

(Lotteries)
in €

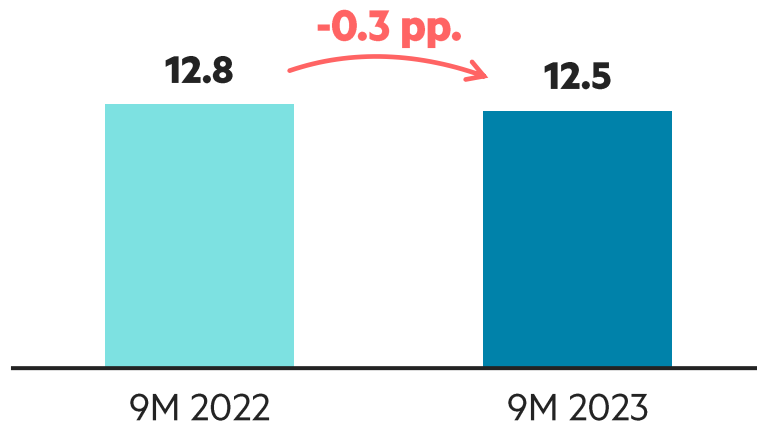


Further increase at already high levels

OTHER PERFORMANCE INDICATORS II (LOTTERIES)

GROSS MARGIN

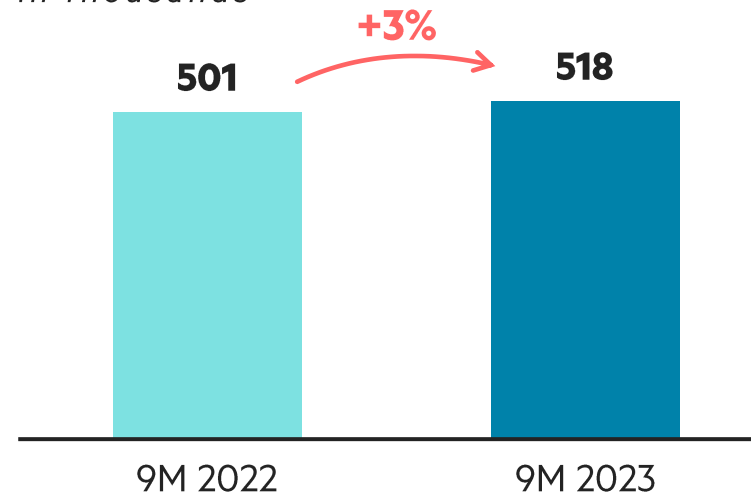
(Lotteries)
in %



Due to the product mix gross margin declined

NEW REGISTERED CUSTOMERS

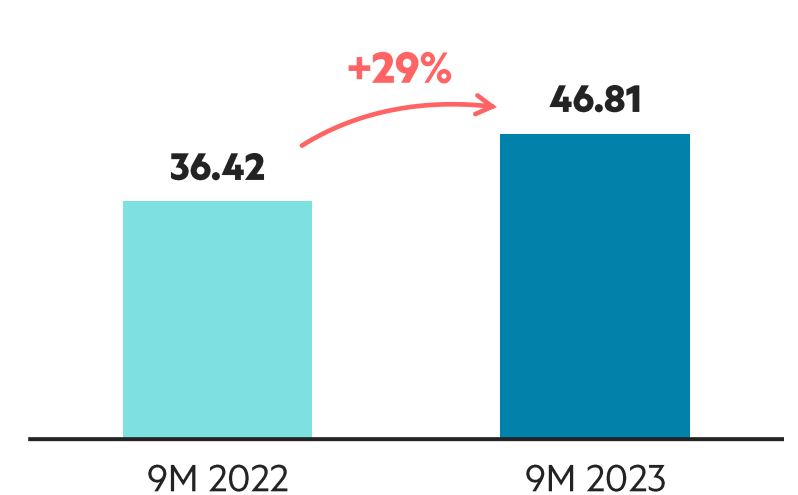
(Lotteries)
in thousands



Expansion of our customer base at a very high level

COST PER LEAD, CPL

(Lotteries)
in €



Increase driven by media cost inflation, intensified competition in online channels and expansion of brand investment

GUIDANCE 2023 – CONFIRMED

In €m	2023 GUIDANCE	2022
→ Billings (excl. Games)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
- ⊗ 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)

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



KEY TAKE-AWAYS

KEY TAKE-AWAYS

- 🔗 ZEAL continues to grow
- ✗ Games business launched successfully in June
- 🔗 Customer acquisition accelerated, especially during high jackpots
- 🔗 Expansion of investment into brand building



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freiheit+
DEINE LOTTERIE FÜR MEHR LEBEN

ZEAL INSTANT GAMES



A blue-tinted photograph of a man and a woman laughing together. The man is on the left, looking towards the woman on the right. The woman is laughing heartily, looking upwards. In the foreground, a hand holds a smartphone, which is the focus of their attention. The text 'Question Answer' is overlaid in the center in a large, white, sans-serif font. There are red decorative elements: a burst of lines above the 'Q' and a curved arrow pointing from the 'Q' towards the 'A'.

Question Answer

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APPENDIX

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		ASSETS	391,209	459,736	-14.9
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
					EQUITY & LIABILITIES	391,209	459,736	-14.9

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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