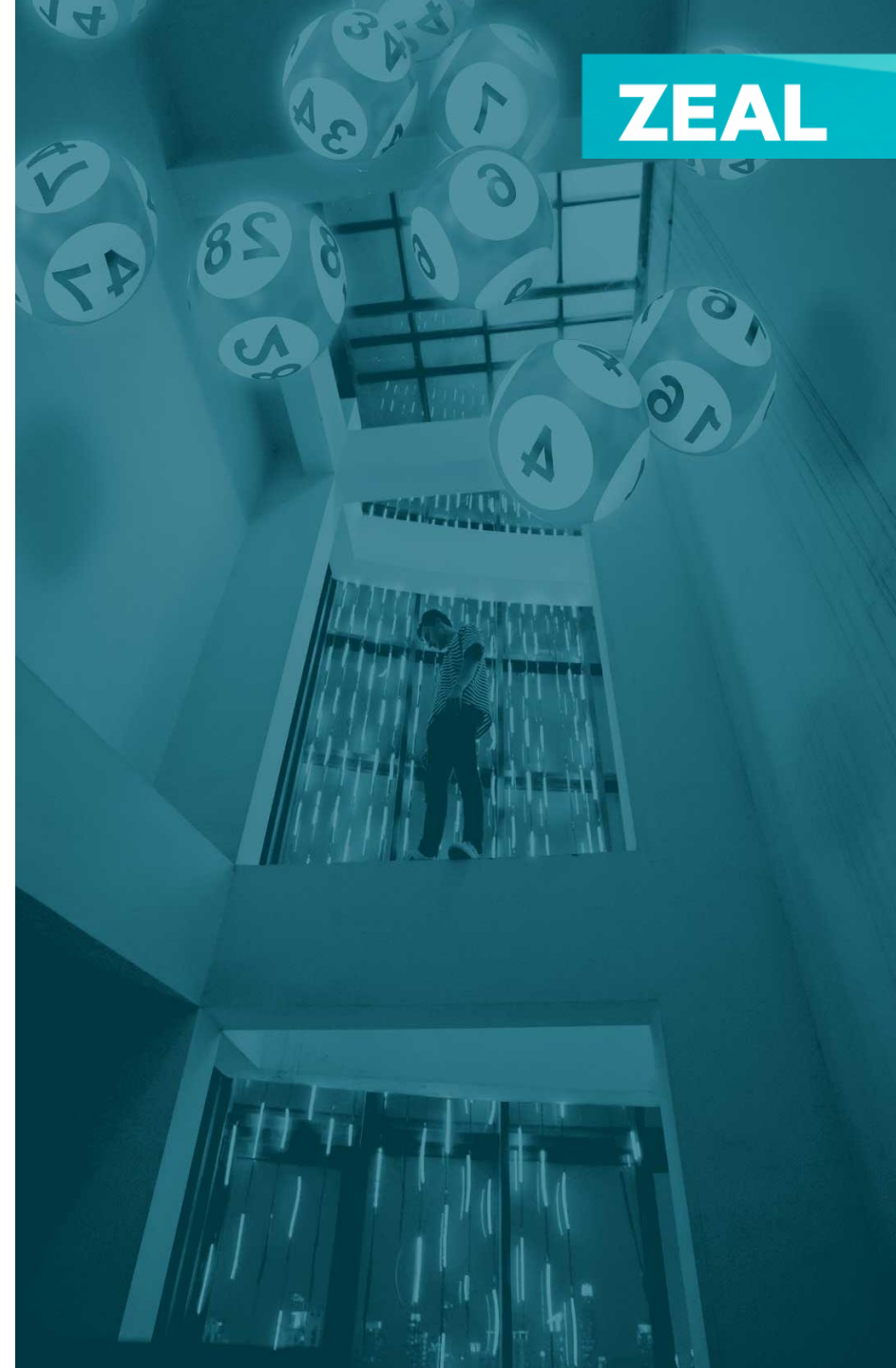


# Earnings Call

Annual Report 2021

24 March 2022



# Content

**SUMMARY**

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**BUSINESS UPDATE**

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**ESG**

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**FINANCIAL UPDATE**

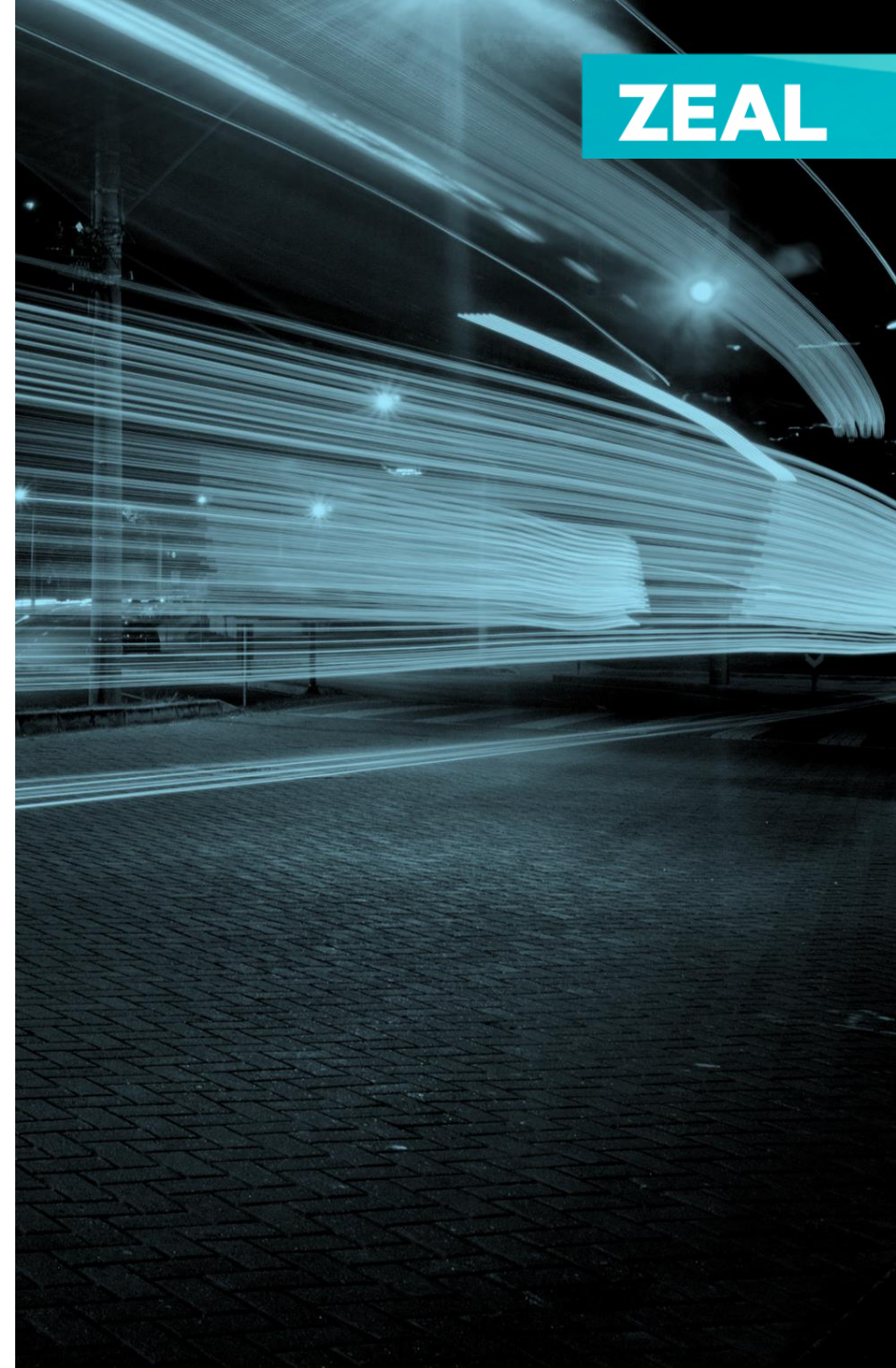
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**GUIDANCE**

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**KEY TAKE-AWAYS**

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## Summary 12M 2021

# 12M

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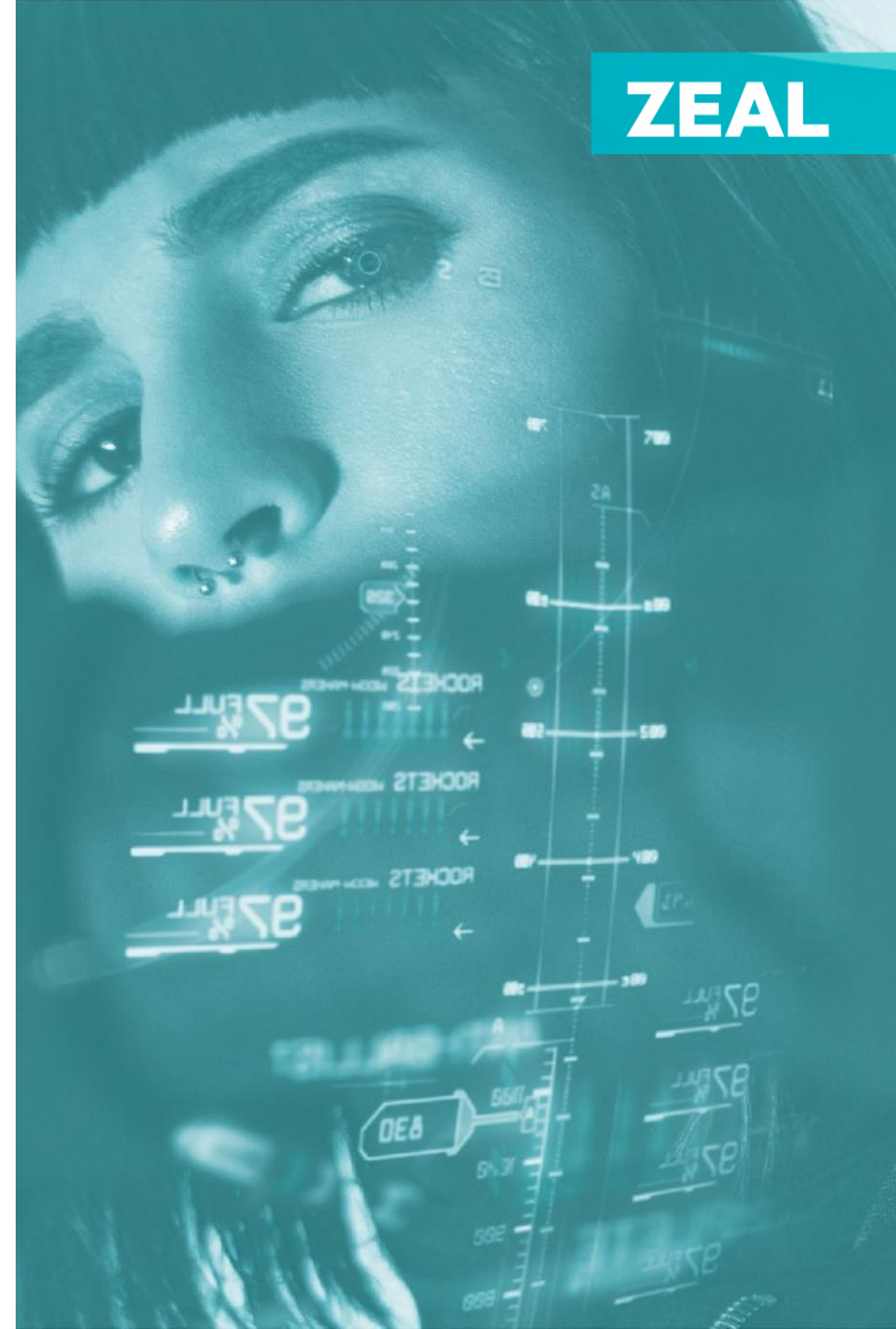
# 2021

- **Stable business despite a weak jackpot situation**
  - Strong improvement in profitability
- **Successful stock market withdrawal of LOTTO24 AG**
- **The largest price ever paid out by ZEAL – €49m for a winner in Bavaria**
- **Investing in future growth**
  - Launched second charity lottery
  - Applied for games license
  - Launched first B2B deal. Partnership for instant win games with LOTTO Hessen
  - Successfully renegotiated our contract with our Spanish partner ONCE

## 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.*



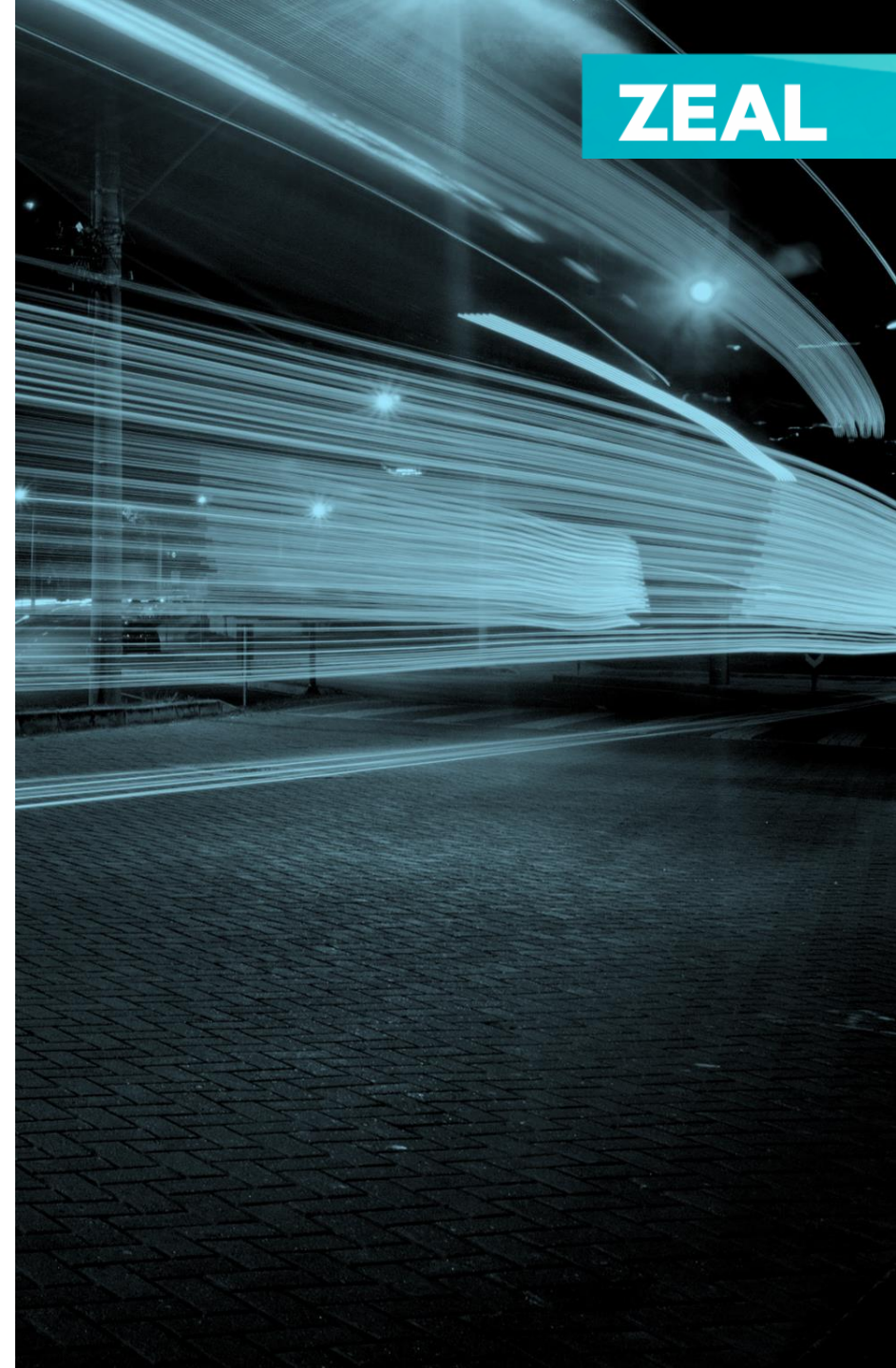
## Purpose

**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.*

# Business Update



# Second charity lottery successfully launched

## Deutsche Traumhauslotterie

- Draw every week on Thursday at 6:00 p.m.
- € 1 per ticket for a good cause
- Winning probability 1 : 4 million
- 7 prize classes
- Jackpot: Dream house worth € 1 million
- Unique lottery in Germany that focuses on a dream home



## freiheit+

- Draw every week on Monday at 6:00 p.m.
- 30% per ticket for a good cause
- Winning probability 1 : 7 million
- 5 prize classes
- Jackpot: Instant prize of € 250,000 plus a monthly permanent prize of € 5,000 for 15 years



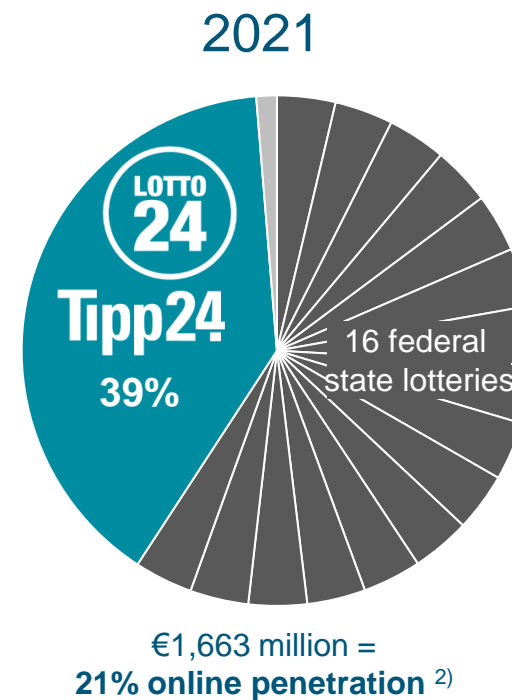
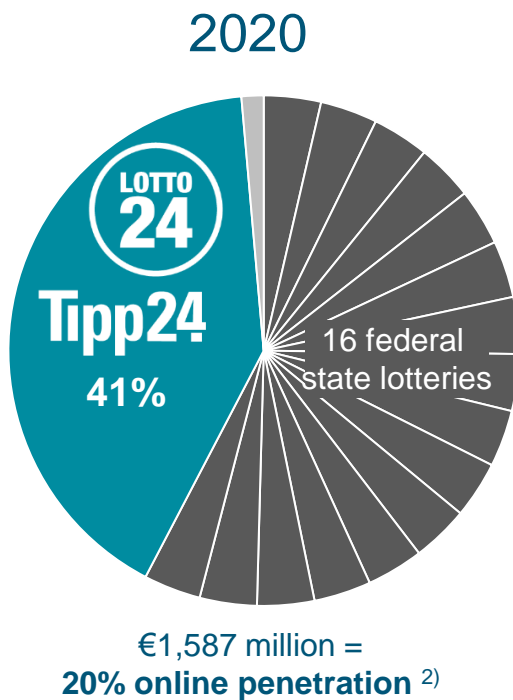
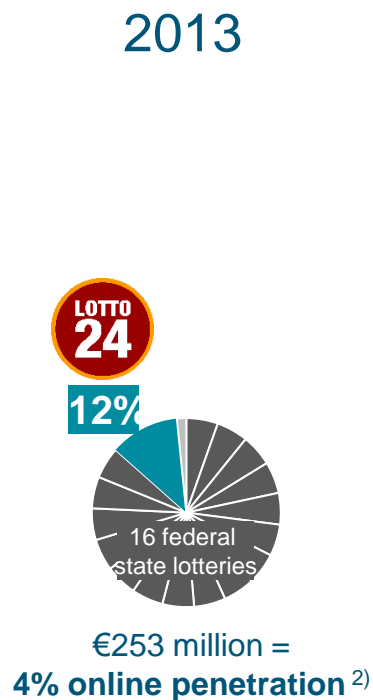
## Partnership with Lotto Hessen

- Lotto Hessen is selling games provided by ZEAL to their online customers
- Lotto Hessen got the approval for these games by the hessian gambling authority to be operated as 'instant lotteries' ('Sofortlotterien')
- Revenue Share based Games-as-a-Service Deal (tiered share depending on volume)
- GoLive on Sep 29<sup>th</sup> 2021 on lotto-hessen.de and LOTTO24 sites (brokerage)
- 14 Games went live till end of 2021; more games will likely follow in 2022
- Out of these 3 games are owned by ZEAL while 11 games are developed by third party suppliers who are integrated in ZEAL's Remote Game Service
- Initial term of the contract: 2 years (automatically extended to add. 12 months when not terminated before)





# Market leadership<sup>1)</sup>



<sup>1)</sup> According to information of the German Association of State Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«) and calculations of the German Lottery Association (»Deutscher Lottverband, DLV«)

<sup>2)</sup> Total sales of the DLTB lottery market: 2013: €7.0 billion, 2020: €7.9 billion, 2021: €7.9 billion

# Current regulation - Licensing procedure

## New GlüStV 2021

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

## Games License

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- All documents submitted
- All requirements fulfilled
- Licence expected in Q2/2022

## Broker License

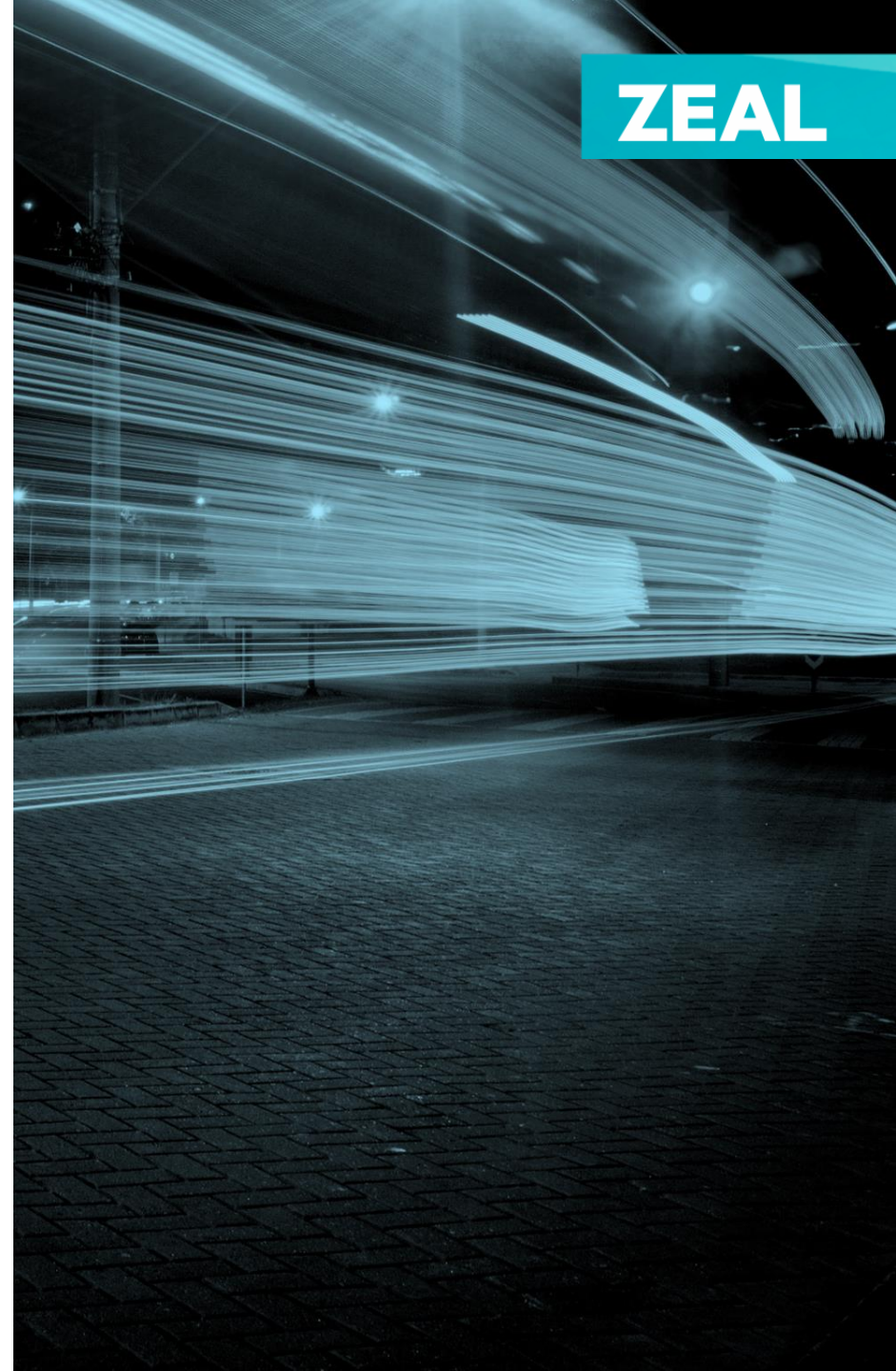
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- Lotto24 broker permit valid until June 2022
- All documents submitted
- All requirements fulfilled
- Licence expected in Q2/2022



# ESG

**ZEAL**



# Sustainability at ZEAL

## Corporate strategy at a glance

### Safe gaming experience

Even though our products are of limited risk, we have the highest demands with regards to preventing addiction and ensuring responsible gambling.

### Products with social added value

40% of every lottery-ticket sold is passed on to the public through taxes and duties. Our brokerage services generated €246m for good causes in 2021.



### Sustainable growth

We ensure our long-term growth by investing in our people, innovative technologies and an attractive, secure gaming experience.

# Our customers win

**High social acceptance:** Number lotteries are by far the most popular form of gambling in Germany: more than ten million Germans play them every week.

**Low risk:** According to the results of various studies, this type of gambling and other classic lotteries only pose a low risk of addiction.

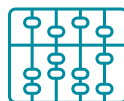
**How we care:** We have developed a social concept comprising a variety of measures that address the risks of addiction, fraud, manipulation, and crime, and prevent the socially harmful effects of gambling.

## Focus actions:



### General terms and conditions

- Easily accessible information on control mechanisms, exclusions, risks, and support programs for players



### Limits

- Monthly deposit limit of € 1,000
- Individually selectable betting, deposit, and loss limits



### Gaming history

- Informing of customers about gaming history with cumulative stakes, winnings, and losses each day when they first log in



### Exclusion

- Multi-stage age verification process to exclude minors
- Procedure to easily block players with problematic gaming behavior



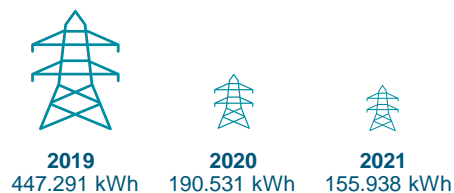
We rewarded **prize money for 1.3 million customers** totaling €293m in 2021

# Our environment wins

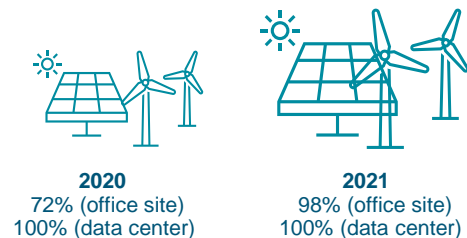
We contribute to climate and environmental protection. Our main fields of action are:

## Energy consumption

ZEAL more than halved its electricity consumption over the past three years

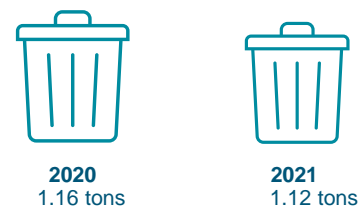


We significantly increased our share of renewable energies



## Waste

We reduced our packaging waste



ZEAL reduced its paper consumption with the introduction of various digital tools



## IT hardware

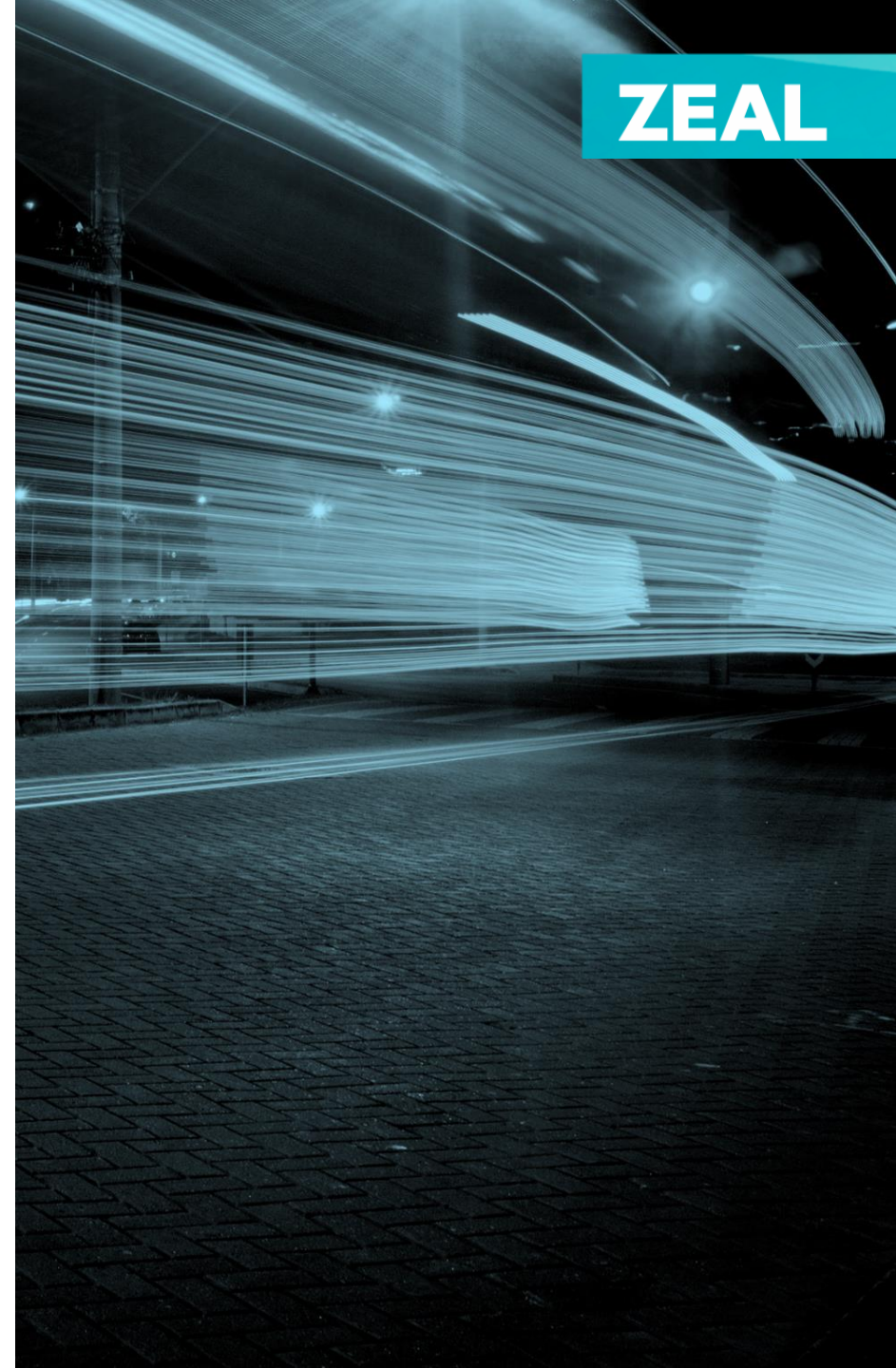
ZEAL focuses on durability and energy efficiency when procuring IT hardware



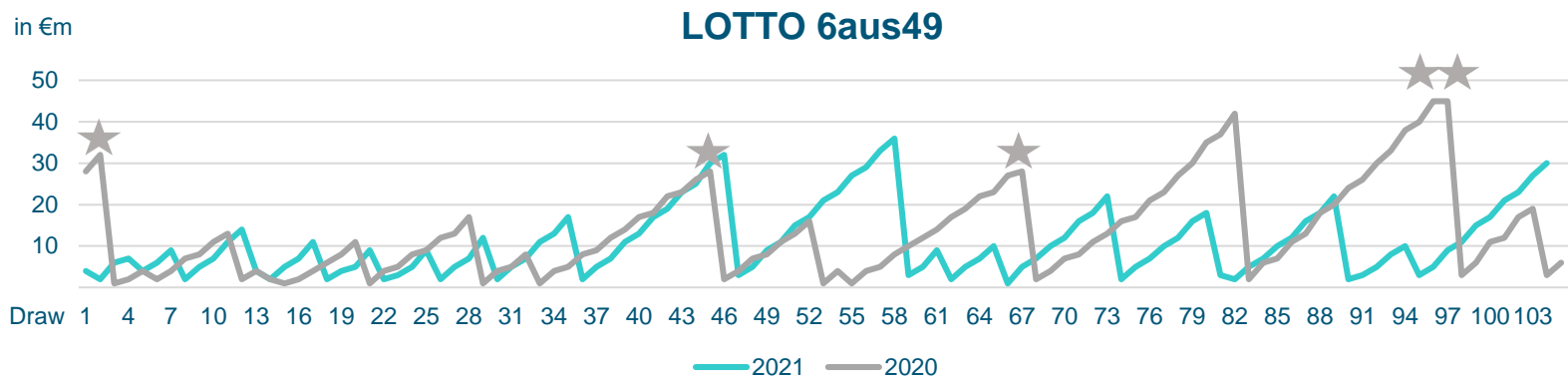
We donate old hardware devices, e.g. to schools, to extend the life cycle



# Financial Update

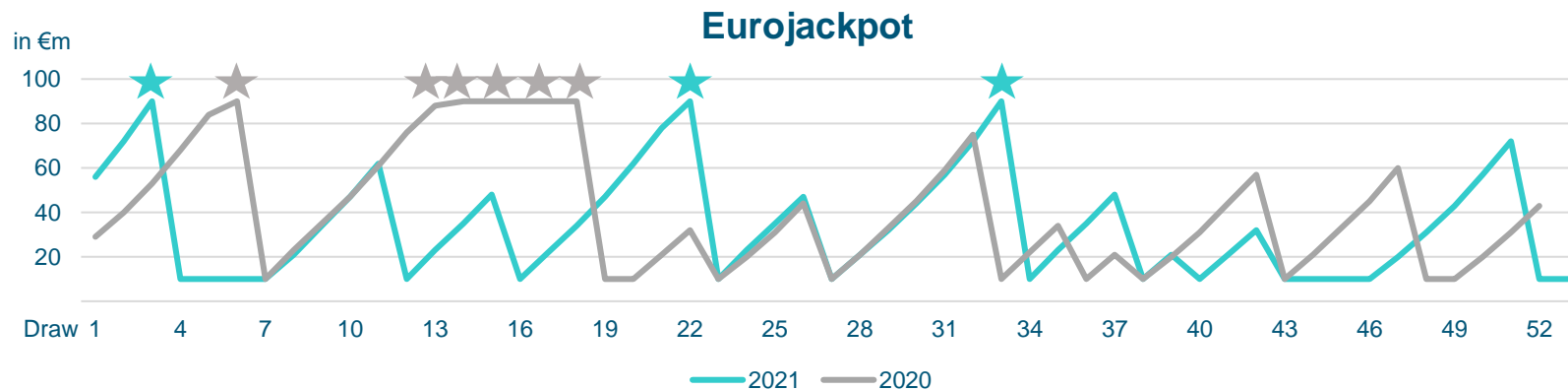


# Jackpot development - only 3 peaks in 2021 vs. 11 in 2020



\* Since 23 September 2020, the amount of the jackpot has been limited to a maximum of 45 million euros each and is no longer paid out after twelve consecutive draws

in €m	Average	Peak
YTD 2021	10.8	0
YTD 2020	13.4	5



in €m	Average	Peak
YTD 2021	34	3
YTD 2020	41	6

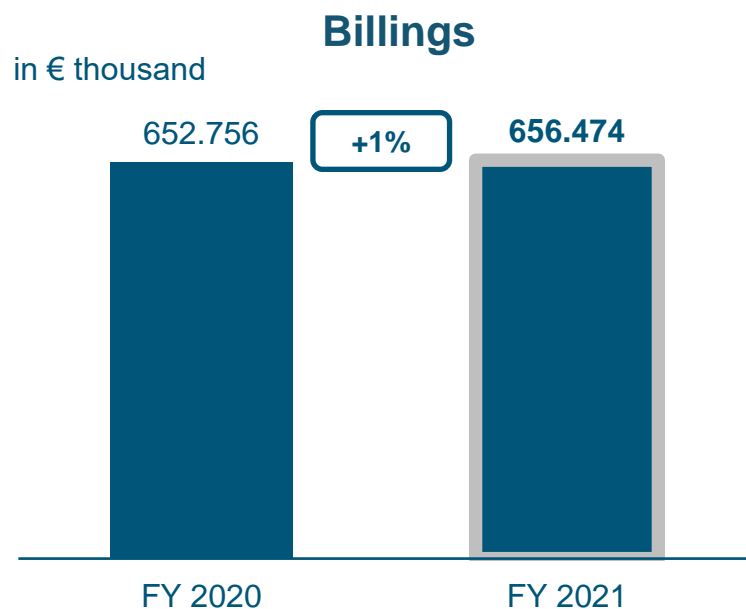
**MAU varies up to 300.000 depending on jackpot situation**



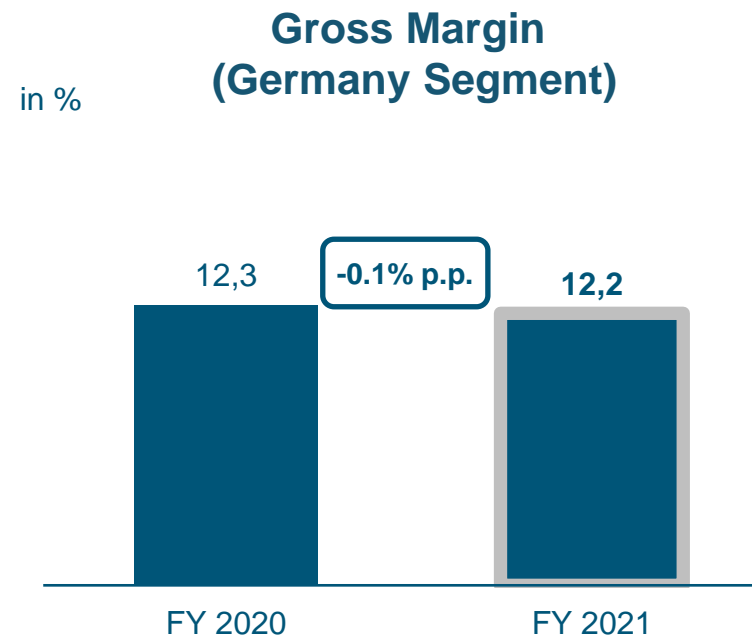
# ZEAL Income Statement 12M 2021 - condensed

in € thousand		12M 2021	12M 2020	Change in %	Comments
Income Statement	<b>Revenue + Income from jackpot insurance</b>	<b>86,784</b>	<b>87,023</b>	<b>-0.3</b>	<ul style="list-style-type: none"> <li>➤ <b>Revenue:</b> <ul style="list-style-type: none"> <li>• Revenue and Income from jackpot insurance was at the previous year's level</li> </ul> </li> <li>➤ <b>Total costs of operations:</b> <ul style="list-style-type: none"> <li>• Total costs of operations decreased by 23% compared to previous year                             <ul style="list-style-type: none"> <li>➤ <b>Personnel expenses:</b> <ul style="list-style-type: none"> <li>• The 13% decrease in costs is mainly due to the revaluation of the long-term incentives to match the current share price and the reduction of employees from 161 to 155 FTE's</li> </ul> </li> <li>➤ <b>Marketing expenses:</b> <ul style="list-style-type: none"> <li>• Decrease in Marketing expenses as a result of the significantly weaker jackpot development</li> </ul> </li> <li>➤ <b>Direct operating expenses:</b> <ul style="list-style-type: none"> <li>• Decrease of 12% due in part to the termination of software licenses and savings on telecommunication costs</li> </ul> </li> <li>➤ <b>Indirect operating expenses:</b> <ul style="list-style-type: none"> <li>• Decline in indirect operating expenses of 31%, mainly due to savings in services and external staff costs as well as the release of provisions in respect of litigation.</li> </ul> </li> </ul> </li> </ul> </li> <li>➤ <b>Adjusted EBITDA:</b> <ul style="list-style-type: none"> <li>• EBITDA increased by 118% driven by savings Total costs of operations</li> </ul> </li> </ul>
	Personnel expenses	-19,048	-21,870	-12.9	
	Other operating expenses	-41,115	-56,292	-27.0	
	Marketing expenses	-22,359	-32,183	-30.5	
	Direct operating expenses	-9,579	-10,840	-11.6	
	Indirect operating expenses	-9,177	-13,269	-30.8	
	<b>Adjusted EBITDA</b>	<b>27,734</b>	<b>12,744</b>	<b>+117.6</b>	
	Amortisation and depreciation	-8,689	-11,956	-27.3	
	Non-recurring income and expenses	-	+4,587	n.a.	
	<b>EBIT</b>	<b>19,045</b>	<b>5,375</b>	<b>+254.3</b>	
	<b>Net profit after taxes</b>	<b>11,404</b>	<b>7,893</b>	<b>+44.5</b>	

# Other performance indicators I

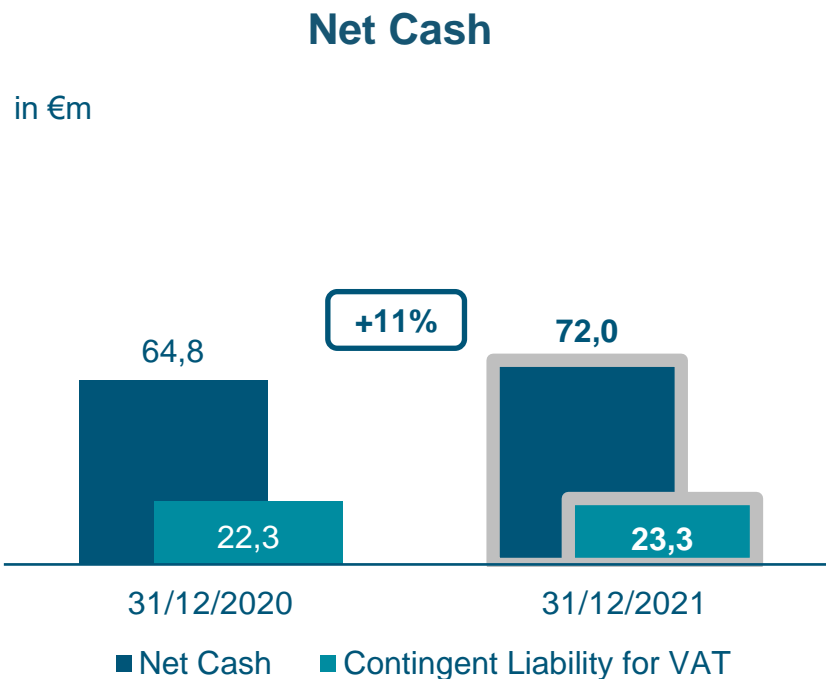


**Despite weak jackpots, billings maintained at last year's level**



**Gross margin maintained at last years level despite lower sales of premium products**

# Other performance indicators II



**Strong net cash generation mainly driven by operating profitability**

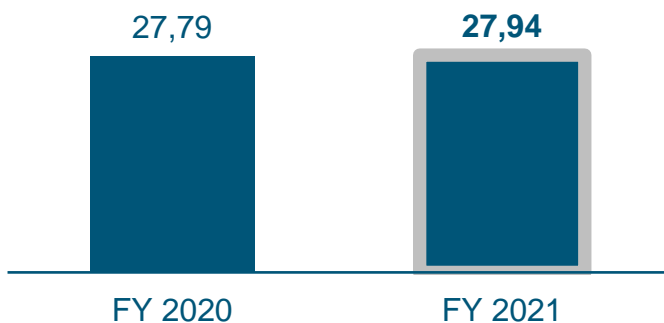


**More than 500k customers acquired despite significantly lower marketing investments**

# Other performance indicators III

**Cost per Lead, CPL  
(Germany Segment)**

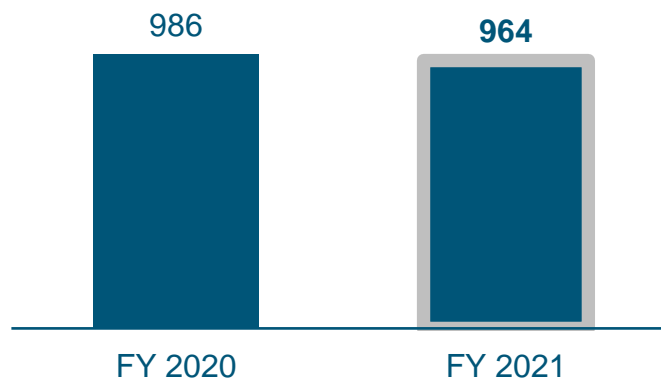
in €



Stable CPL development despite social media cost increase

**Monthly Active Users (MAU)  
(Germany Segment)**

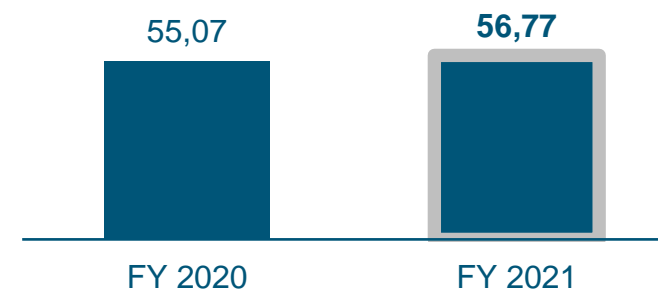
in thousand



Weaker Jackpot development results in a decrease of active customers per month

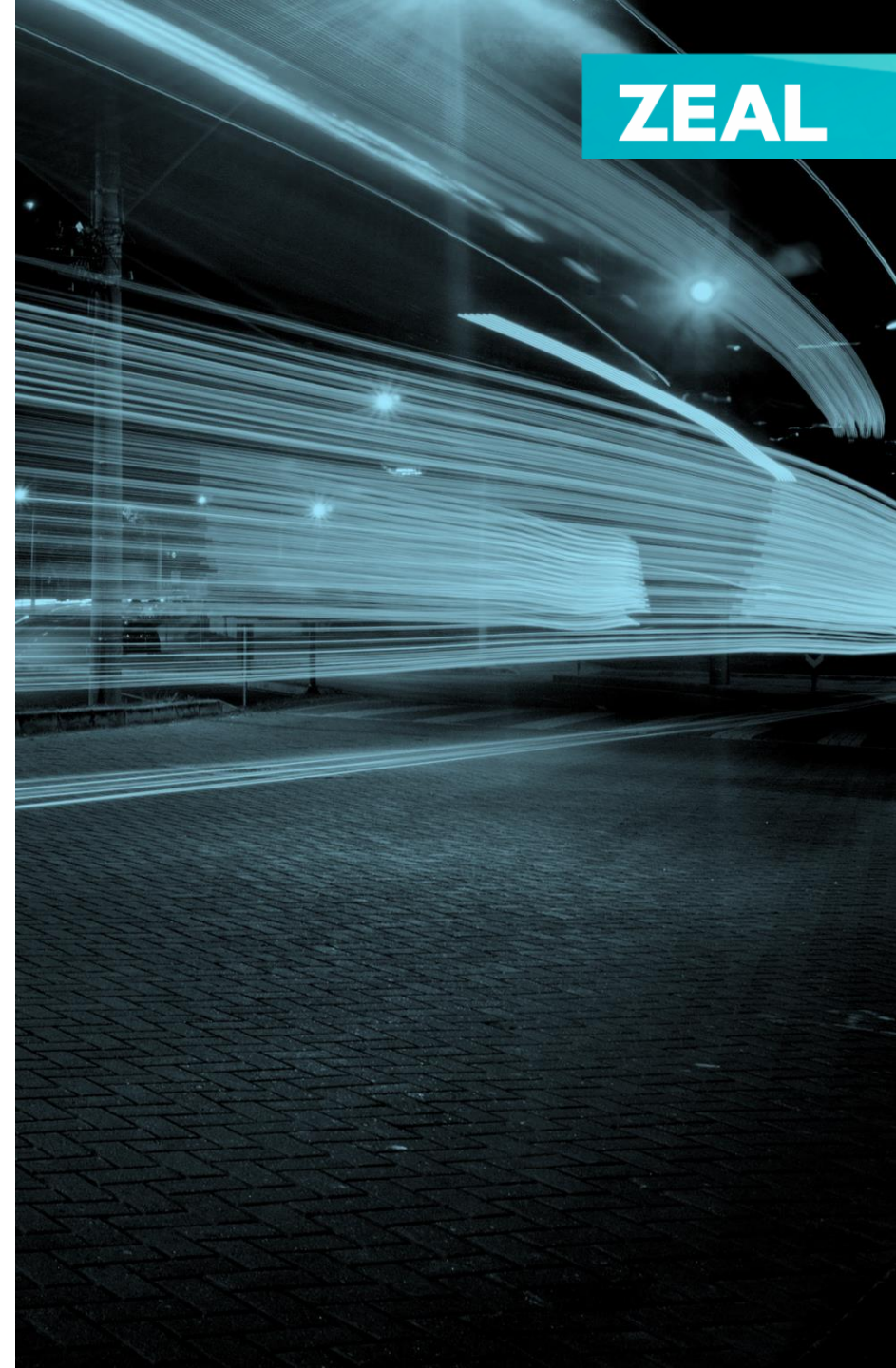
**Average Billings per User, ABPU  
(Germany Segment)**

in €



The price increase in September 2020 contributed to the growth of ABPU

# Dividend 2022



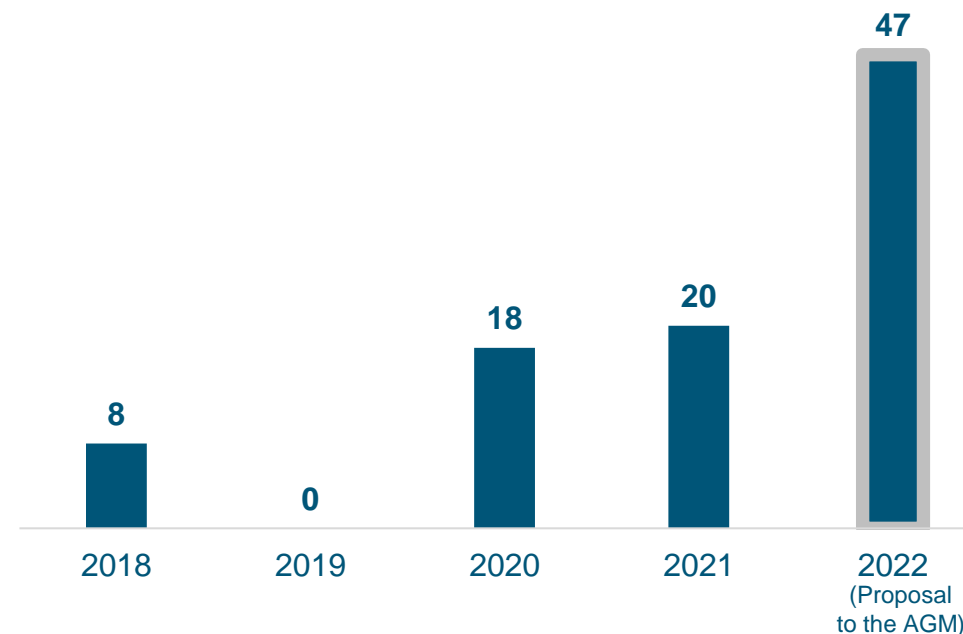
# Dividend Proposal

ZEAL will propose to the Annual General Meeting on 30 June 2022 the payment of a **dividend of € 2.10** (2020: € 0.90 per share), which means a **distribution to the shareholders of approximately € 47 million**.

This will consist of a basic dividend of € 1.00 and a special dividend of € 1.10.

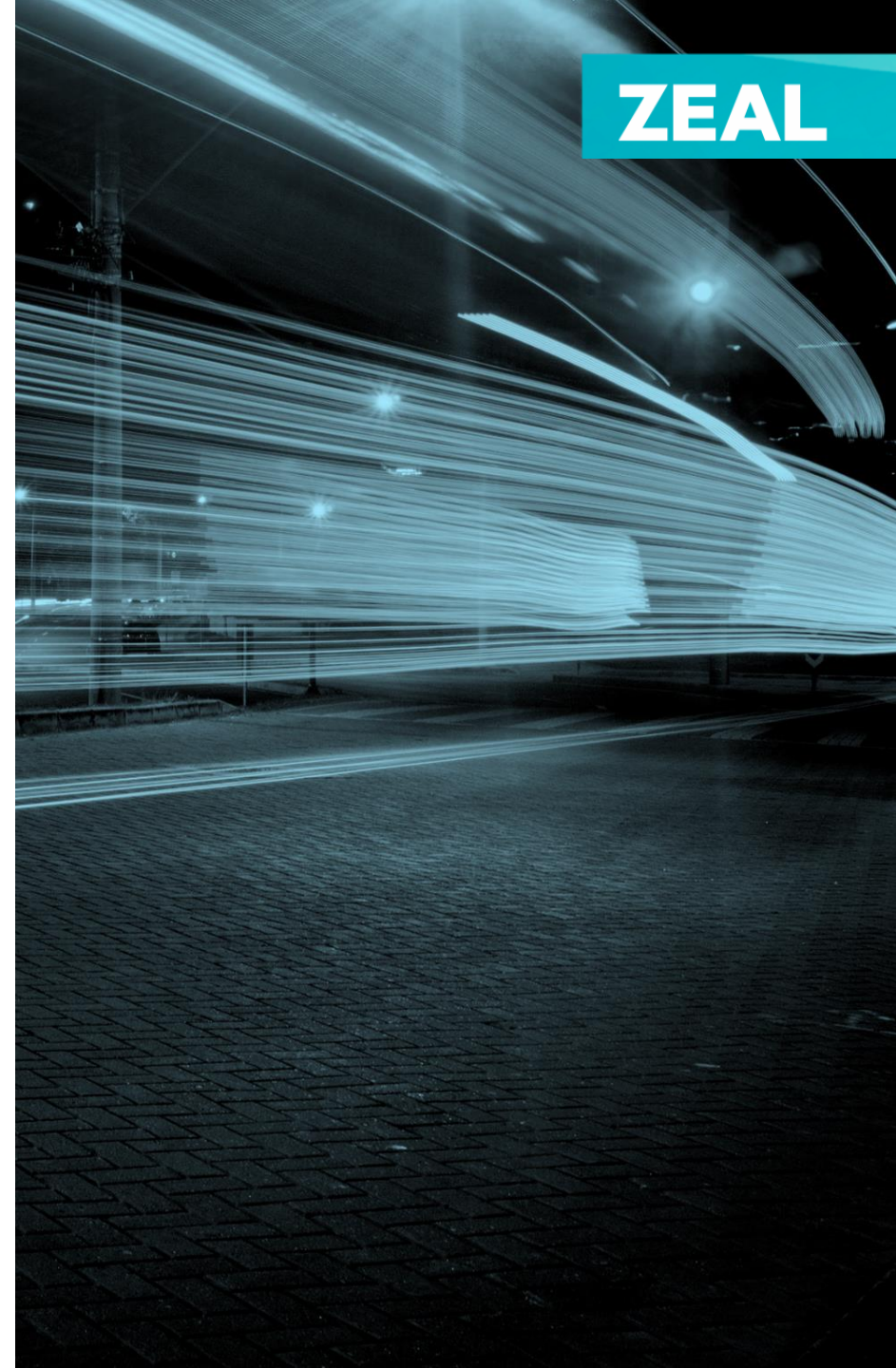
Management undertakes to constantly review its dividend policy in line with the performance of the company.

## Total pay-out p.a. in € million



**The payment of the special dividend in 2022 is a further step towards optimising the company's capital structure.**

# Guidance 2022



## Consolidated Guidance 2022

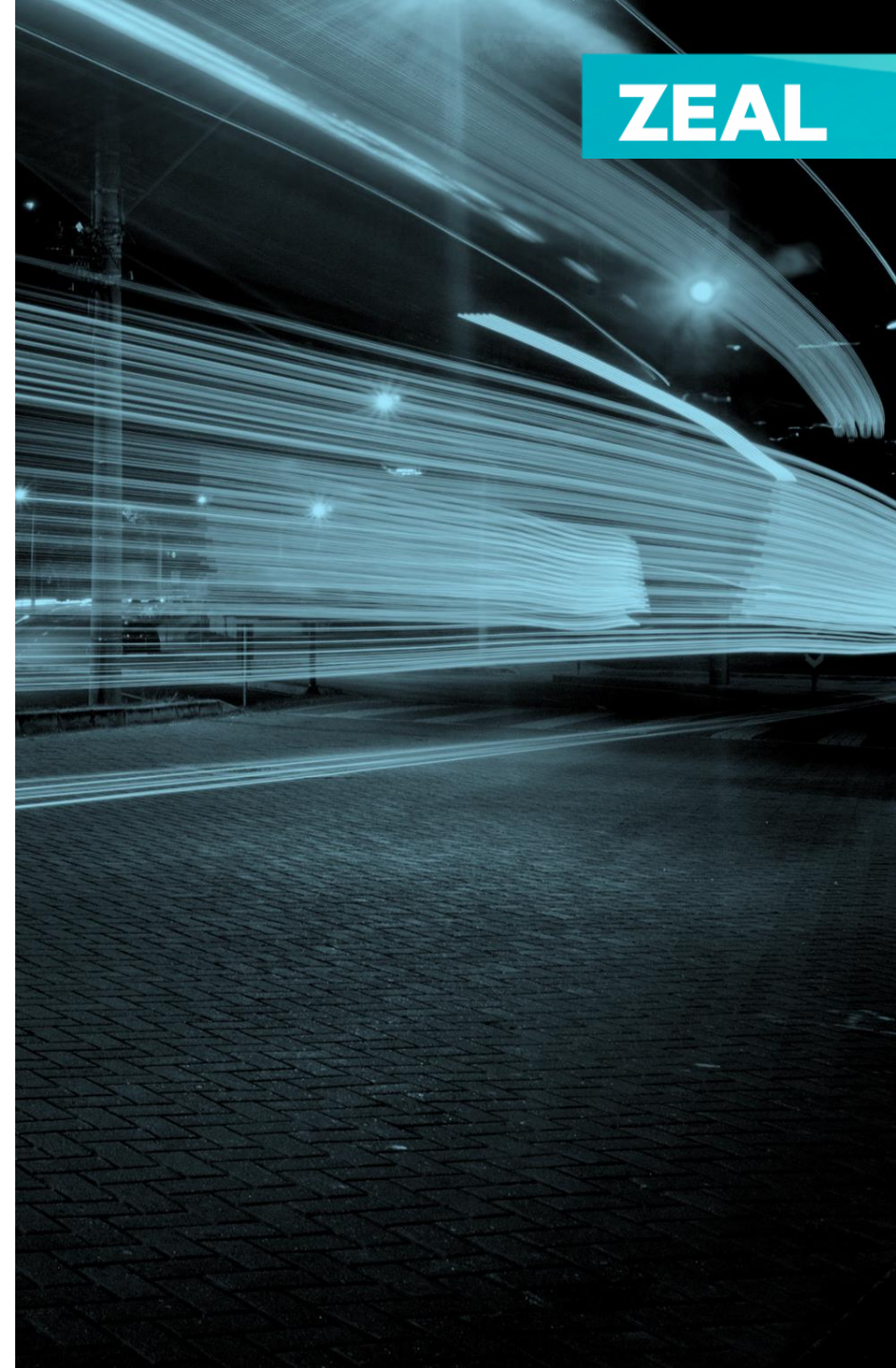
in €m	2022 Guidance	2021 Actual	Growth rates
<b>Billings (Germany segment)</b>	at least 750	656.5	> +14%
<b>Revenue</b>	at least 105	86.5	> +21%
<b>EBITDA</b>	at least 30	27.7	> +8% > +60% <sup>1)</sup>

<sup>1)</sup> 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 significantly increased**

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**Repayment of €47m to shareholders**

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**Successful stock market withdrawal of LOTTO24 AG**

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**We adapt our marketing measures to the respective market situation**

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**Investing in future growth**

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**Tipp24**

**ZEAL**  
VENTURES

A man and a woman are laughing together. The man is on the left, looking towards the woman on the right. The woman is holding a smartphone and looking upwards. The entire image is overlaid with a teal color. Two speech bubbles are present: one white with a teal outline containing the word 'Questions', and one solid teal containing the word 'Answers'.

**Questions**

**Answers**

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# Appendix

# Consolidated Income Statement and Balance Sheet in €k

Income Statement	12M 2021	12M 2020	Change in %
	Revenue + Income from jackpot insurance	86,784	87,023
Total costs of operations	-60,210	-77,912	-22.7
Adjusted EBITDA <sup>1)</sup>	27,734	12,744	+117.6
EBIT	19,045	5,375	+254.3
Profit before taxes	16,654	7,856	+112.0
<b>Net Profit</b>	<b>11,404</b>	<b>7,893</b>	<b>+44.5</b>

Balance Sheet	31/12/21	31/12/20	Change in %
	Current assets	176,331	104,432
Non-current assets	327,067	387,601	-15.6
<b>ASSETS</b>	<b>503,398</b>	<b>492,034</b>	<b>+2.3</b>
Current liabilities	48,660	36,051	+35.0
Non-current liabilities	69,796	62,721	+11.3
Equity	384,942	393,262	-2.1
<b>EQUITY &amp; LIABILITIES</b>	<b>503,398</b>	<b>492,034</b>	<b>+2.3</b>

<sup>1)</sup> Earnings before interest, taxes, depreciation, amortisation and non-recurring expenses

# Business Unit Segment Reporting as of 31/12/21 in €k

	Germany	Other	Total
Revenue	78,473	4,862	<b>83,334</b>
Other operating income	4,596	14	4,610
<b>EBITDA</b>	<b>26,493</b>	<b>1,242</b>	<b>27,734</b>
Depreciation/amortisation	–	–	-8,689
<b>EBIT</b>	–	–	<b>19,045</b>
Financial result	–	–	-2,091
Share of loss from associates	–	–	-300
<b>EBT</b>	–	–	<b>16,654</b>
Income tax	–	–	-5,251
<b>Net Profit/loss</b>	–	–	<b>11,404</b>

# KPIs

Billings (in €m)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	134.5	140.0	174.4	157.3	181.0	163.3	169.5	160.4	163.3

ABPU (in €)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	48.4	49.5	54.5	54.9	61.3	56.3	58.3	54.4	58.0

MAU (in k)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	925	942	1,065	954	984	966	968	982	938

CPL (in €)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
	41.31	26.00	27.77	28,96	28.79	33.48	32.12	17.65	29.61



## Financial calendar 2022

Publication of Annual Report 2021	24 March 2022
Publication of Q1 Quarterly Statement	12 May 2022
Annual General Meeting	30 June 2022
Publication of Half-Year Report	11 August 2022
Publication of Q3 Quarterly Statement	10 November 2022

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