

ZEAL

EARNINGS CALL

Quarterly Statement Q3
as of 30 September 2024

6 November 2024



Tipp24

ZEAL IBERIA

ZEAL INSTANT GAMES

ZEAL VENTURES

Traumhaus
VERLOSUNG

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- Summary
- Financial Update
- Strategic Progress
- Updated Guidance
- Share Repurchase Offer
- Key Take-Aways

SUMMARY 9M 2024

ZEAL CONTINUES TO GROW AND ACHIEVE ECONOMIES OF SCALE

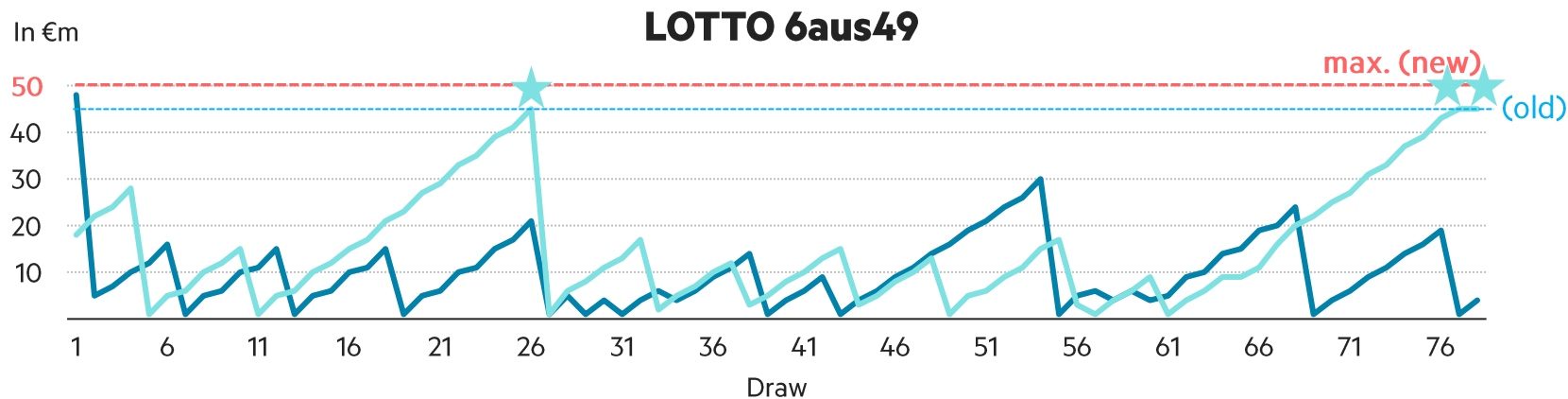
- ✗ Gross margin increased significantly
- ⊕ Number of new customers at an all-time high
- ⊕ Strong revenue growth
- ⊕ EBITDA growing faster than revenue
- ⊕ Dream house raffle successfully launched
- ⊕ Increased guidance for FY2024
- ⊕ Announced share repurchase offer



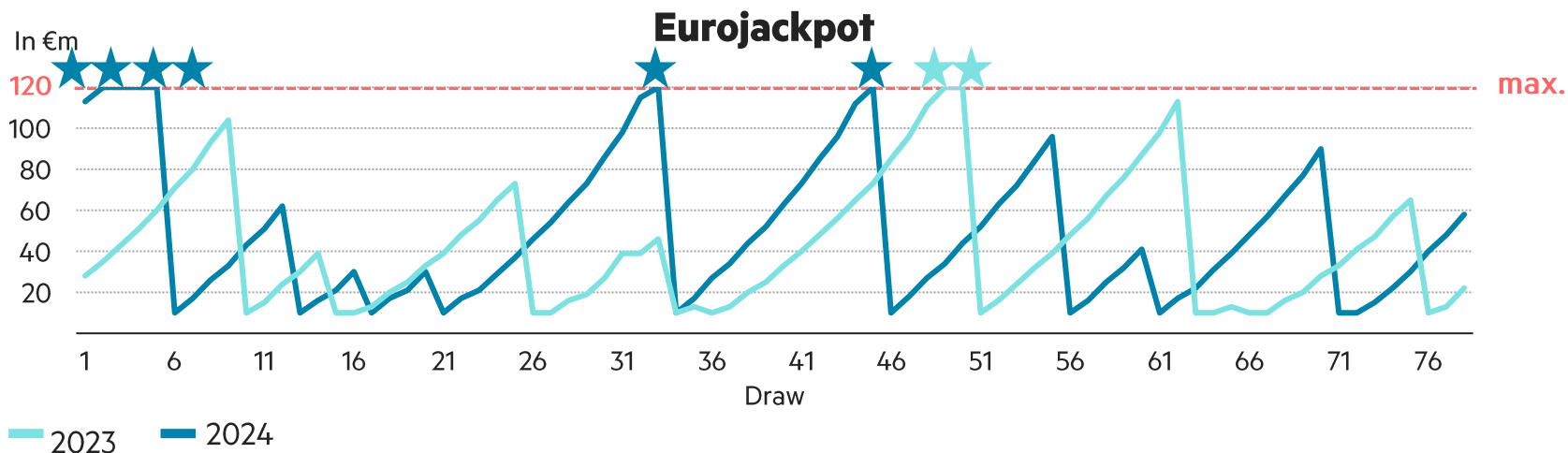


FINANCIAL UPDATE

GOOD JACKPOT ENVIRONMENT – 6 PEAKS IN 9M 2024 VS. 5 PEAKS IN 9M 2023, NO JACKPOT IN Q3 2024



in €m	Average	Peak
9M '24	10	0
9M '23	15	3



in €m	Average	Peak
9M '24	49	6
9M '23	42	2

ZEAL INCOME STATEMENT 9M '24 – CONDENSED

INCOME STATEMENT	9M '24 (in €k)	9M '23 (in €k)	CHANGE (in %)
REVENUE	120,952	86,012	+40.6
- Lotteries	107,591	79,418	+35.5
- Games	6,826	1,216	+461.3
TOTAL COSTS OF OPERATIONS	-86,423	-63,927	+35.2
Personnel expenses	-23,341	-15,195	+53.6
Other operating expenses	-63,166	-48,796	+29.4
Marketing expenses	-36,923	-30,691	+20.3
Direct operating expenses	-12,428	-8,570	+45.0
Indirect operating expenses	-13,815	-9,535	+44.9
EBITDA	34,959	23,168	+50.9
Amortisation and depreciation	-6,069	-6,530	-7.1
EBIT	28,890	16,637	+73.6
NET PROFIT AFTER TAX	44,284	10,093	+338.8

REVENUE

Revenue increased by 41% driven by billings growth of 17% and an increased billings margin

COST OF OPERATIONS

Personnel expenses:

Personnel expenses increased by 54% or €8.1m driven by increased provisions for short-term and long-term variable remuneration due to strong operating performance and share price appreciation (€2.8m), additional provisions for potential wage and sales tax liabilities from previous years (€1.5m) as well as by an 19% increase in FTE from 170 to 202, and salary increases

Marketing expenses:

Marketing expenses increased by 20% as the very good jackpot situation in the first half-year and high marketing efficiency was used to win new customers

Direct operating expenses:

Direct operating expenses increased by 45% driven by an increase in lottery billings, introduction of Games, a large number of KYC checks for new customers, an increased share of Paypal as payment method and bad debt charges

Indirect operating expenses:

Indirect operating expenses were up by 45%, mainly driven by increased costs for legal and consulting services, costs for external service providers and recruiting costs. In addition, transaction costs were incurred for the first two house purchases made by our new social lottery "Traumhausverlosung"

EBITDA

EBITDA increased by 51% due to the strong increase in revenue

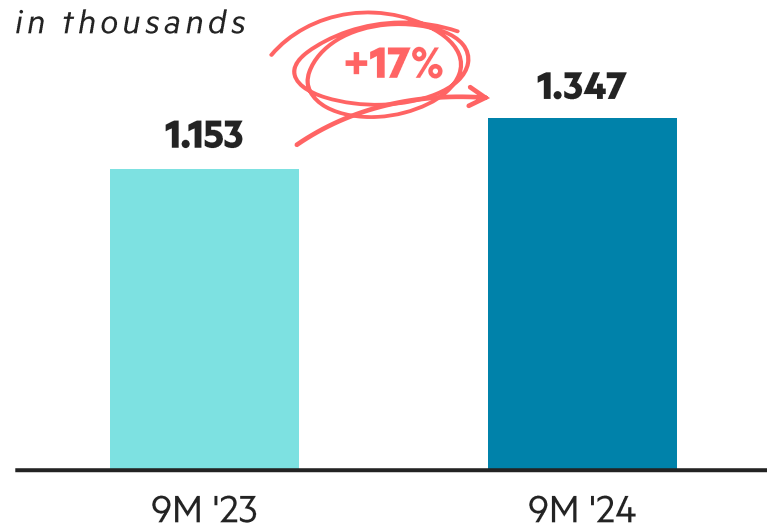
NET PROFIT AFTER TAX

Net profit rose by 339% to €44.3 million due to strong increase of EBITDA and the initial recognition of deferred tax assets of ZEAL Network SE

GROWTH OF LOTTERY BILLINGS DRIVEN BY GROWTH IN USER BASE AND HIGHER BILLINGS PER USER

MONTHLY ACTIVE USERS (MAU)

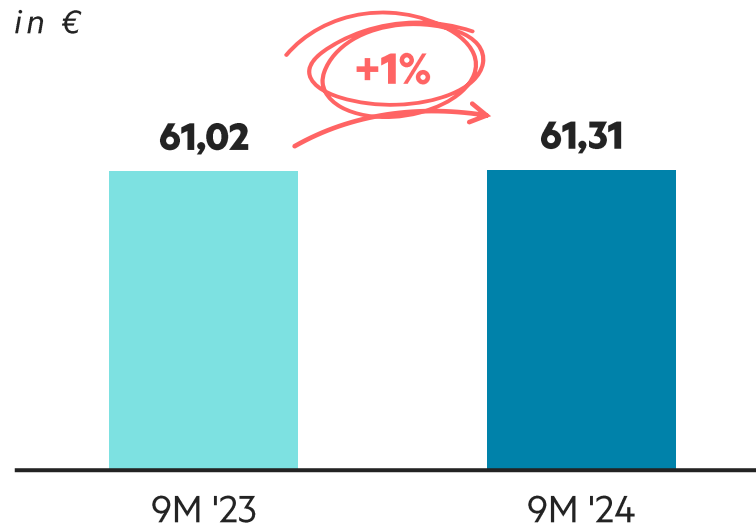
(Lotteries)
in thousands



Strong increase in the customer base and increased level of customer activity

AVERAGE BILLINGS PER USER, ABPU

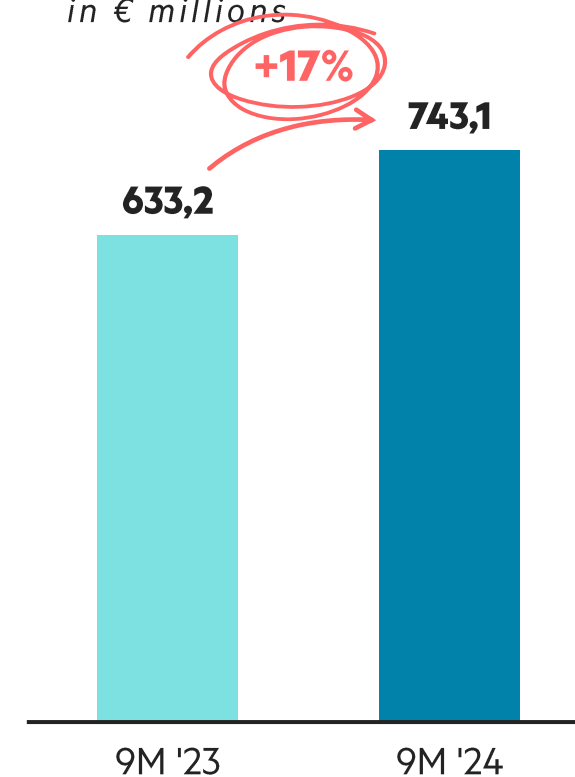
(Lotteries)
in €



Further increase at already high levels

BILLINGS

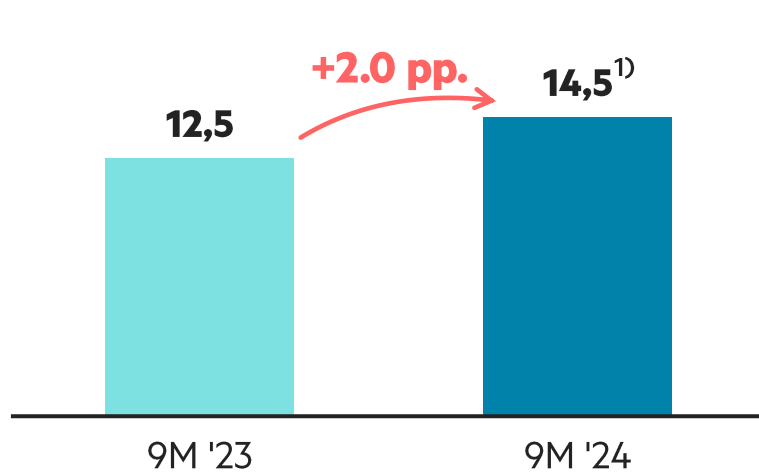
(Lotteries)
in € millions



GROSS MARGIN INCREASED SUBSTANTIALLY

GROSS MARGIN

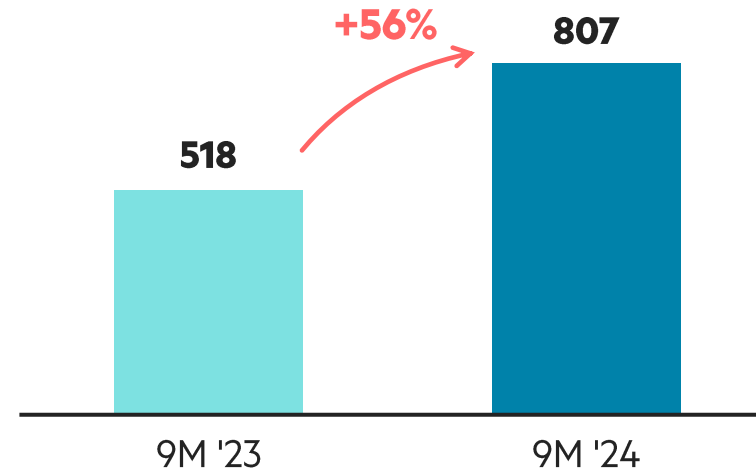
(Lotteries)
in %



Gross margin increased due to margin optimisation measures and a changed product mix

NEW REGISTERED CUSTOMERS

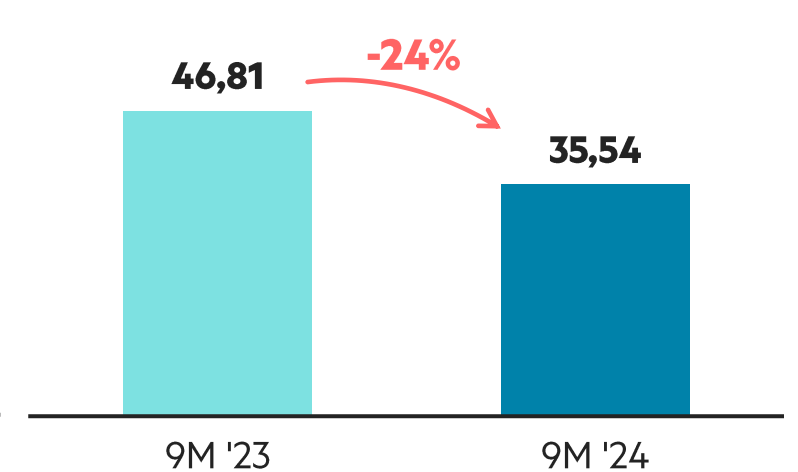
(Lotteries)
in thousands



Strong jackpot situation coupled with efficient marketing measures

COST PER LEAD, CPL

(Lotteries)
in €



Good improvement of marketing efficiency across channels

¹⁾ Excluding negative impacted of one large win in “Die Deutsche Traumhauslotterie”, including this effect the gross margin in H1 '24 was 14.6%

COST PER LEAD REMAINS LOW

In €	Q 1	Q 2	Q 3	Q 4	Full Year
2024	33.04	33.20	41.98		
2023	36.77	50.83	50.40	37.11	45.52

Q2 '23	Temporary increase in competitive pressure in online marketing during a high jackpot
Q3 '23	Launch of major offline (TV, billboards) advertising campaign for LOTTO24 to increase brand awareness
Q4 '23	<ul style="list-style-type: none"> Brand campaign is already leading to positive contributions to new customer acquisition Disciplined and targeted acquisition activity in high media cost environment (Christmas)
Q1 '24	Further increase in efficiency in marketing measures and benefit from increased brand awareness
Q2 '24	CPL has stabilized at a very good level, even outside of high jackpot periods
Q3 '24	<ul style="list-style-type: none"> First quarter in 2024 without any peak jackpot Additional brand investment for LOTTO24 and start of D2C marketing for Traumhausverlosung and freiheit+



STRATEGIC PROGRESS

UPDATE ON PROGRESS TOWARDS STRATEGIC GOALS FOR 2024

Our Strategic Goals for 2024

Improve billings margin in lottery brokerage business

- Optimization of billings margin by increased share of high-margin products and expansion of service fees
- Measures are expected to increase billings margin for lotteries to more than 15% in H2 2024

Increase brand awareness, marketing efficiency, customer retention

- Continue successful brand campaigns for LOTTO24
- Increase marketing efficiency in brand and performance marketing
- Further improve customer retention through early engagement, higher subscription rates and expanded lottery club offerings

Grow Games business

- Increase number of available games on our platform
- Broaden type of games to include instant-win-games
- More proactive offering of games on platform

Launch new charity lottery

- Charity lotteries enable product innovation
- Attractive product margins, improved independence from high jackpots
- Launch will require investment in H2 2024 (marketing, product development, prizes, etc.)

Our Progress YTD 2024

- Billings margin for lotteries improved to 16.8% in Q3 (excl. big win)
- Increase of customer service fee rolled on 10-Jun-2024 with full impact being visible from Q3 2024 onwards

- Mix of “campaign bursts” and “always on” for brand marketing working well
- Highly successful customer acquisition during peak jackpots
- Increased billings share from lottery clubs and “play with friends” to 6.6% (6.1% in Q1-Q3 '23)

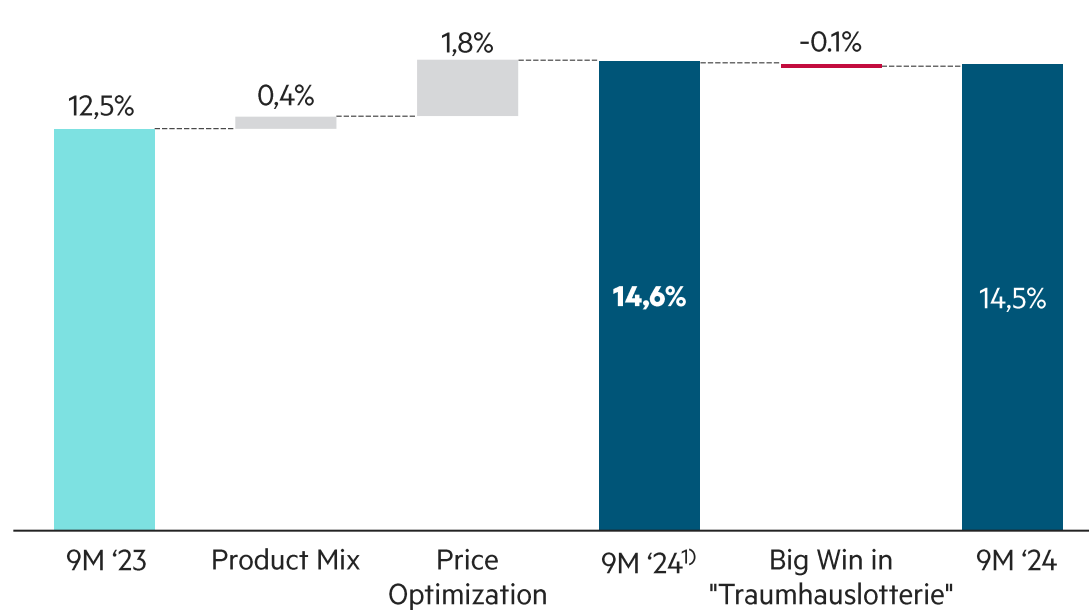
- Currently more than 200 Games are online, thereof 18 “instant-win-games” with lower RTP and higher appeal to our user base
- More proactive offering still hampered by relatively low total number of available games and license restrictions on cross-selling

- Highly successful launch of Traumhausverlosung
- First draw generated €8.6m in billings for Traumhausverlosung and we acquired 83K new D2C customers with complementary demographic profile (younger customer base, higher share of female players)

HIGHER LOTTERY BILLINGS MARGIN DRIVEN BY IMPROVED PRODUCT MIX AND ROLL-OUT OF PRICE OPTIMIZATION

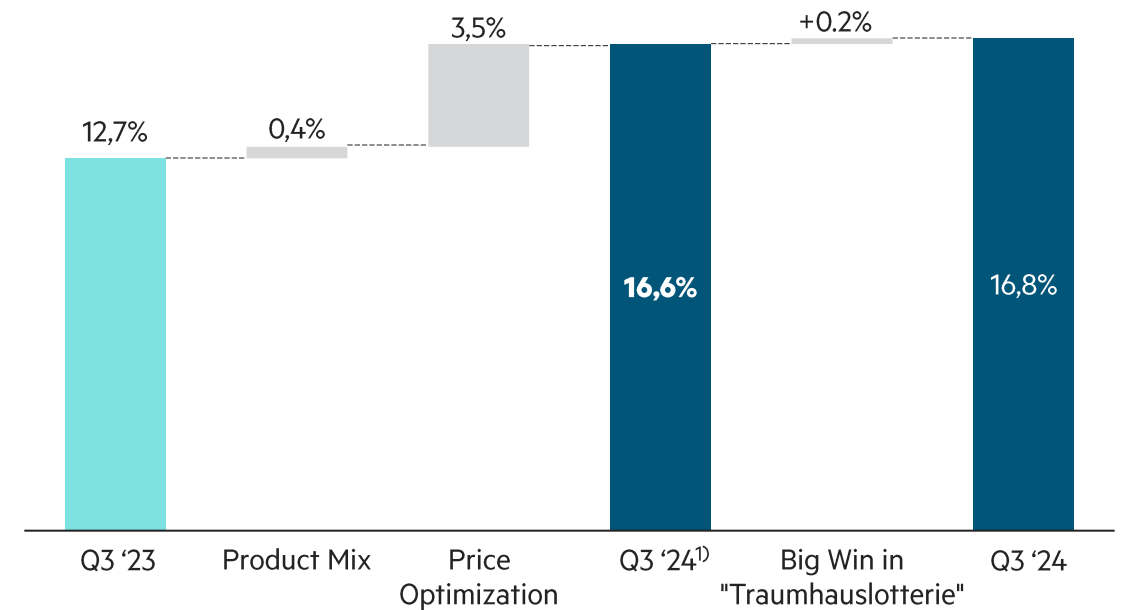
BILLINGS MARGIN: 9M '23 VS. 9M '24

(Lotteries)
in %



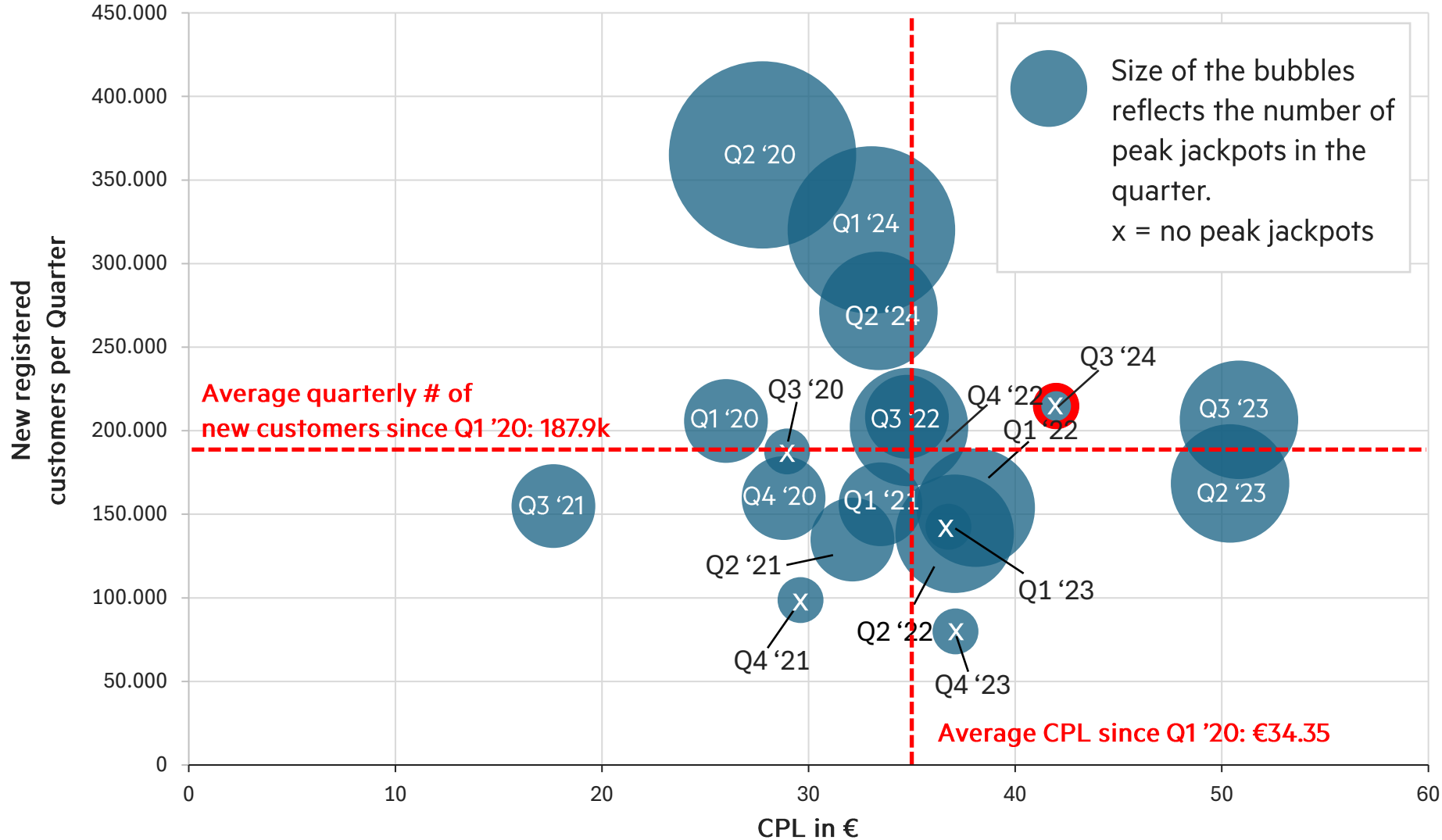
BILLINGS MARGIN: Q3 '23 VS. Q3 '24

(Lotteries)
in %



¹⁾ Excluding effects from big win at "Die Deutsche Traumhauslotterie"

CONTINUED HIGH MARKETING EFFICIENCY: Q3 '24 SHOWED HIGHEST NUMBER OF LEADS FOR A QUARTER WITH NO PEAKS



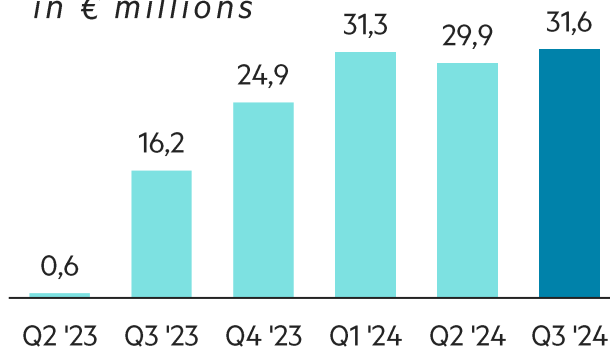
Q3 2024 Highlights

- Acquisition of more than 200K new customers, highest level for a quarter with no jackpot peaks
- Increased investment into LOTTO24 brand (TV)
- Social media remains a very attractive performance marketing channel, also outside of peak jackpots
- Started D2C marketing for Traumhausverlosung and freiheit+ with both performance and brand marketing
- Already seeing very good marketing efficiency for Traumhausverlosung

GAMES BUSINESS ON TRACK TO DELIVER EUR9M IN REVENUE FOR 2024

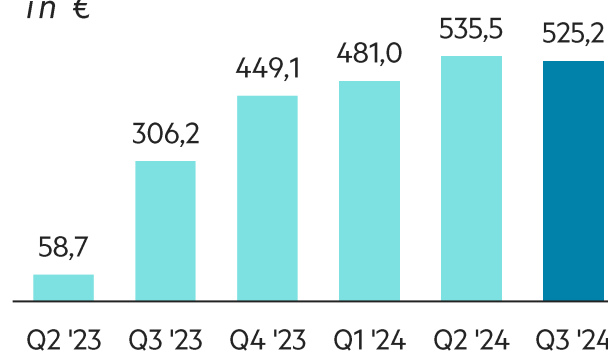
BILLINGS

in € millions



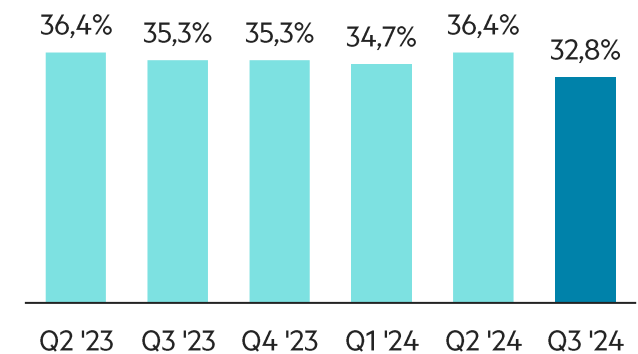
ABPU

in €



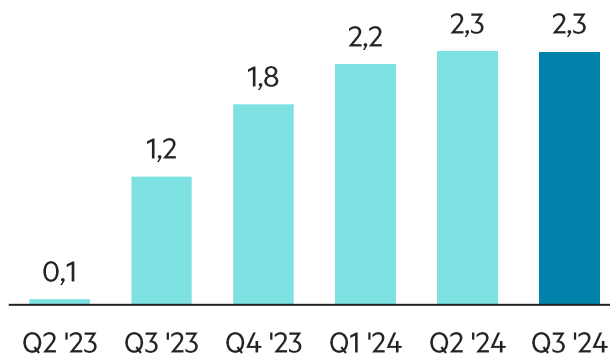
PAYIN MARGIN

in %



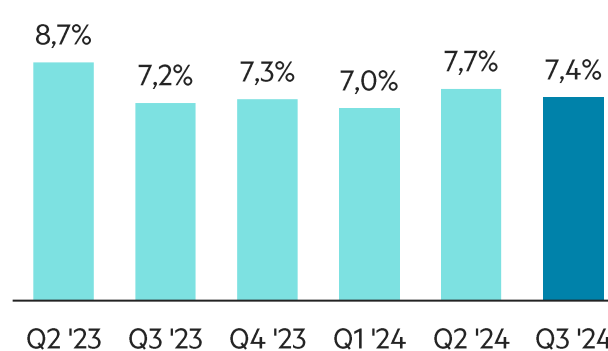
REVENUE

in € millions



BILLINGS MARGIN

in %



- We received regulatory approval to publish further 159 games – currently more than 200 Games are online
- 18 “instant win games” are online
- Deprioritized growth of MAU and billings. Focus in Games remains on rollout of new games, test of first batch of instant win games and product optimization, not on growing the games customer base
- We expect c. €9m in revenue with EBITDA margins of >40% for Games for 2024.

HIGHLY SUCCESSFUL START OF TRAUMHAUSVERLOSUNG



- Dreamhouse worth 1.1 Mio € located at Lübecker Bucht + 50,000 € Cash
- Additional extra, intermediate and special raffles

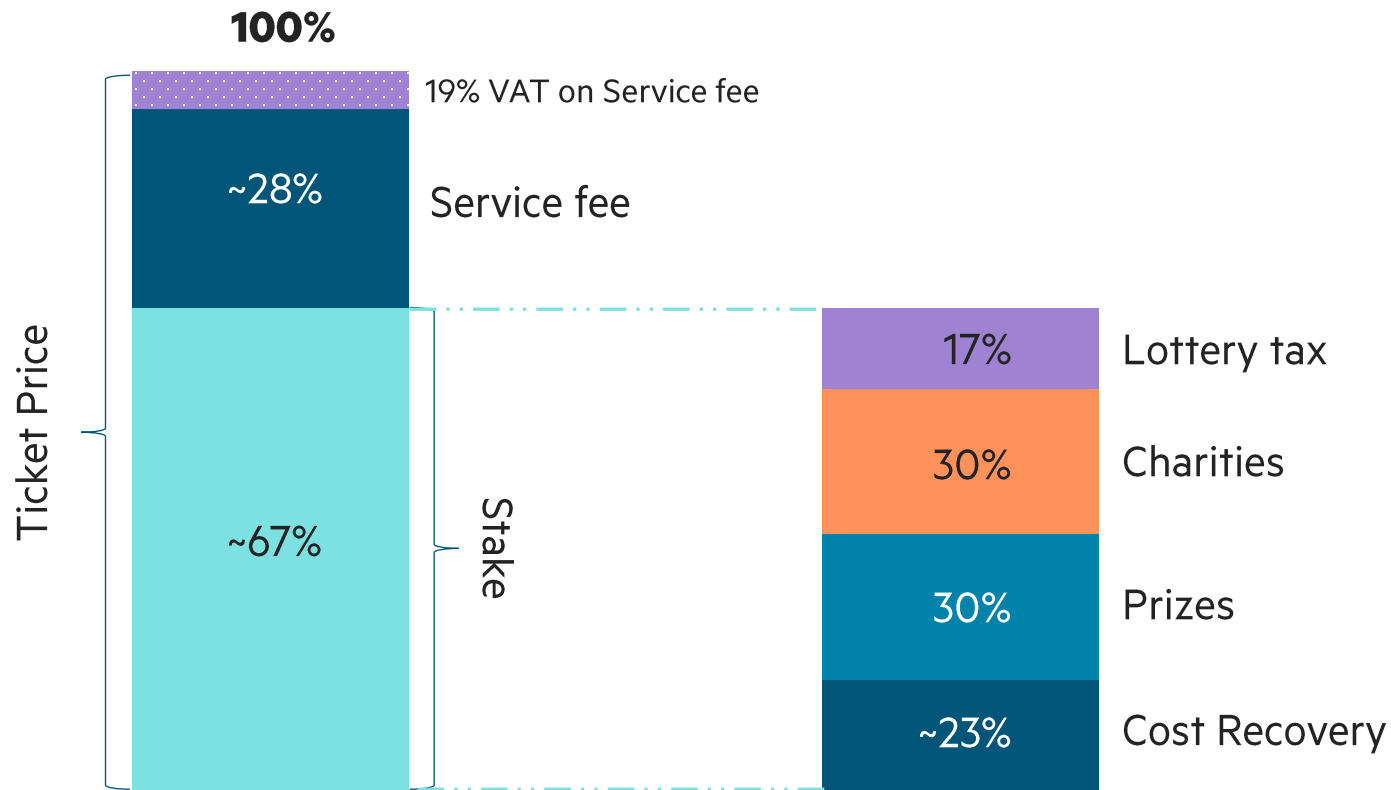
- Just like a tombola, we raffle a real dreamhouse
- Guaranteed winner for each draw
- Every entry supports a charity project
- Houses are staged by Schöner Wohnen Kollektion

- First draw started on 1 Aug. and finished on 4 Nov. 2024
- €8.6m in billings for first draw, 40% of billings from D2C
- 417K unique active users for first draw with avg. billings of €20.52 per active user
- Most frequently bought ticket package was €10
- Acquired 83K new customers through D2C (via www.traumhausverlosung.de)
- Raised €1.7m for charities, first charity partner was DKMS
- First winner was a 61 year old female player from Bavaria

- Second draw started with draw on 28-Feb-2025, house located in Flensburg
- Good early traction from repeat customers

TRAUMHAUSVERLOSUNG PROVIDES US WITH SERVICE FEE AND COST RECOVERY POTENTIAL

BREAKDOWN OF €5 TICKET PRICE

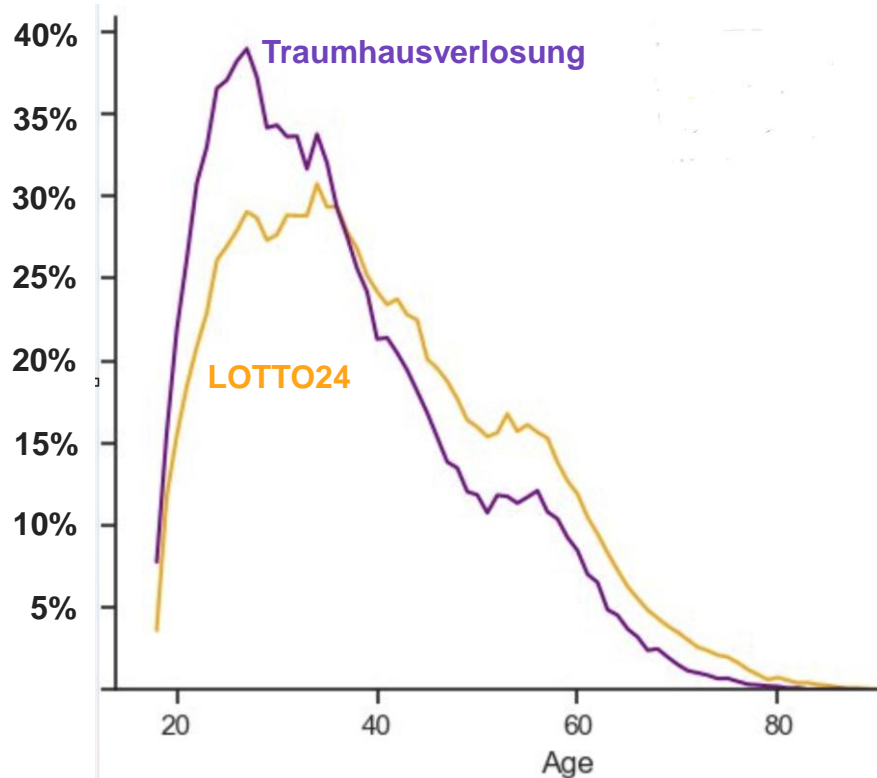


- We receive 28% of the ticket prices as a service fee for brokerage services, e.g., marketing and sales
- Our charity partners receive 30% of the collected stakes and a further 30% of the collected stakes is return to players in the form of prizes
- Tax from Traumhausverlosung is generated via VAT on the service fee and lottery tax on the stakes
- A remaining c. 23% of collected stakes is used to cover the operating costs of the lottery

TRAUMHAUSVERLOSUNG ENABLES US TO EXPAND OUR TARGET AUDIENCE AND REACH A YOUNGER, MORE FEMALE CUSTOMER GROUP

AGE DISTRIBUTION

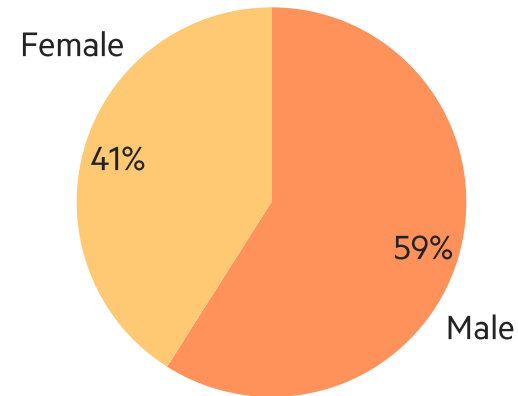
(New Customers in 2024)
in %



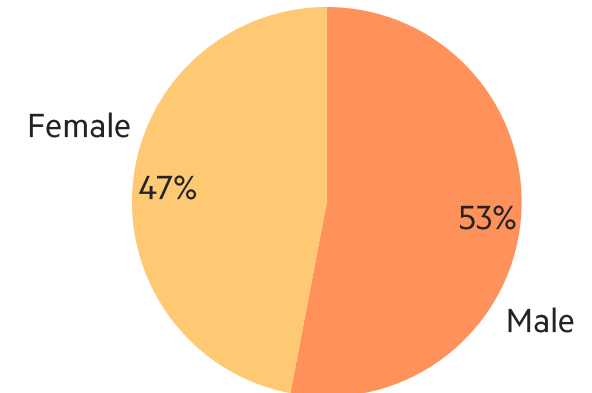
GENDER DISTRIBUTION

(New Customers in 2024)
in %

LOTTO24



TRAUMHAUSVERLOSUNG



GUIDANCE 2024 ADJUSTED UPWARDS

In €m	2024 GUIDANCE (new)	2024 GUIDANCE (old)	2023 Actuals
Revenue ¹⁾	158-168 (+36 – 45%)	140-150	116.1
EBITDA	42-46 (+28 – 40%)	38-42	32.9

- New guidance for FY 2024 based on an average jackpot environment
- Expected revenue growth of 36-45% and EBITDA growth of 28-40% versus 2023
- ZEAL will continue to invest into marketing (c. €40-45m for German brokerage business)
- Expected c. EUR9m in revenue for games business in 2024
- Expected mid-term revenue growth in mid-to-high teens (CAGR 2023-2026)

¹⁾ Including income from jackpot insurance;



SHARE REPURCHASE OFFER

SHARE REPURCHASE OFFER

- Offer price EUR 44.00 per share
- Attractive premium of 10% on the reference price
- Purchase of a total of up to 568,181 shares
- Acceptance period: 18 Nov. – 29 Nov. 2024
- Offer document to be published on 18 Nov. 2024 on corporate website
- Repurchase funded by draw-down of debt from available credit facility
- All acquired shares to be canceled following the repurchase



KEY TAKE-AWAYS

- ✗ Exceptionally efficient and extensive acquisition of new customers
- ↻ Strong revenue growth of 41% yoy
- ↻ Further improvement in gross margin to 14.5%
- ↻ Significant growth of EBITDA of 51% yoy
- ↻ Successful launch of the new charity lottery
- ↻ Share repurchase offer at €44.00 per share



Tipp24

freiheit+
DEINE LOTTERIE FÜR MEHR LEBEN

ZEAL INSTANT GAMES

Traumhaus
VERLOSUNG



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 blurred. 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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CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET IN €K

INCOME STATEMENT	9M '24 (in €k)	9M '23 (in €k)	CHANGE (in %)		BALANCE SHEET	30/09/24 (in €k)	31/12/23 (in €k)	CHANGE (in %)
Revenue	120,952	86,012	+40.6		Current assets	110,871	92,637	+19.7
Total costs of operations	-86,423	-63,927	+35.2		Non-current assets	291,221	302,016	-3.6
EBITDA	34,959	23,168	+50.9	→	ASSETS	402,092	394,653	+1.9
EBIT	28,890	16,637	+73.6		Current liabilities	66,907	57,997	+15.4
Profit before taxes	26,619	15,632	+70.3		Non-current liabilities	54,414	71,897	-24.3
Income taxes	17,665	-5,538	--		Equity	280,771	264,758	+6.0
Net Profit	44,284	10,093	+338.8	→	EQUITY & LIABILITIES	402,092	394,653	+1.9

BUSINESS UNIT SEGMENT REPORTING AS OF 30/09/24 IN €K

	GERMANY	OTHER	TOTAL
Revenue	116,743	4,209	120,952
Other operating income	429	1	430
EBITDA	33,361	1,598	34,959
Depreciation/amortisation	-	-	-6,069
EBIT	-	-	28,890
Financial result	-	-	-2,135
Share of loss from associates			-135
EBT	-	-	26,619
Income tax	-	-	17,665
NET PROFIT/LOSS	-	-	44,284

KPIS (LOTTERIES)

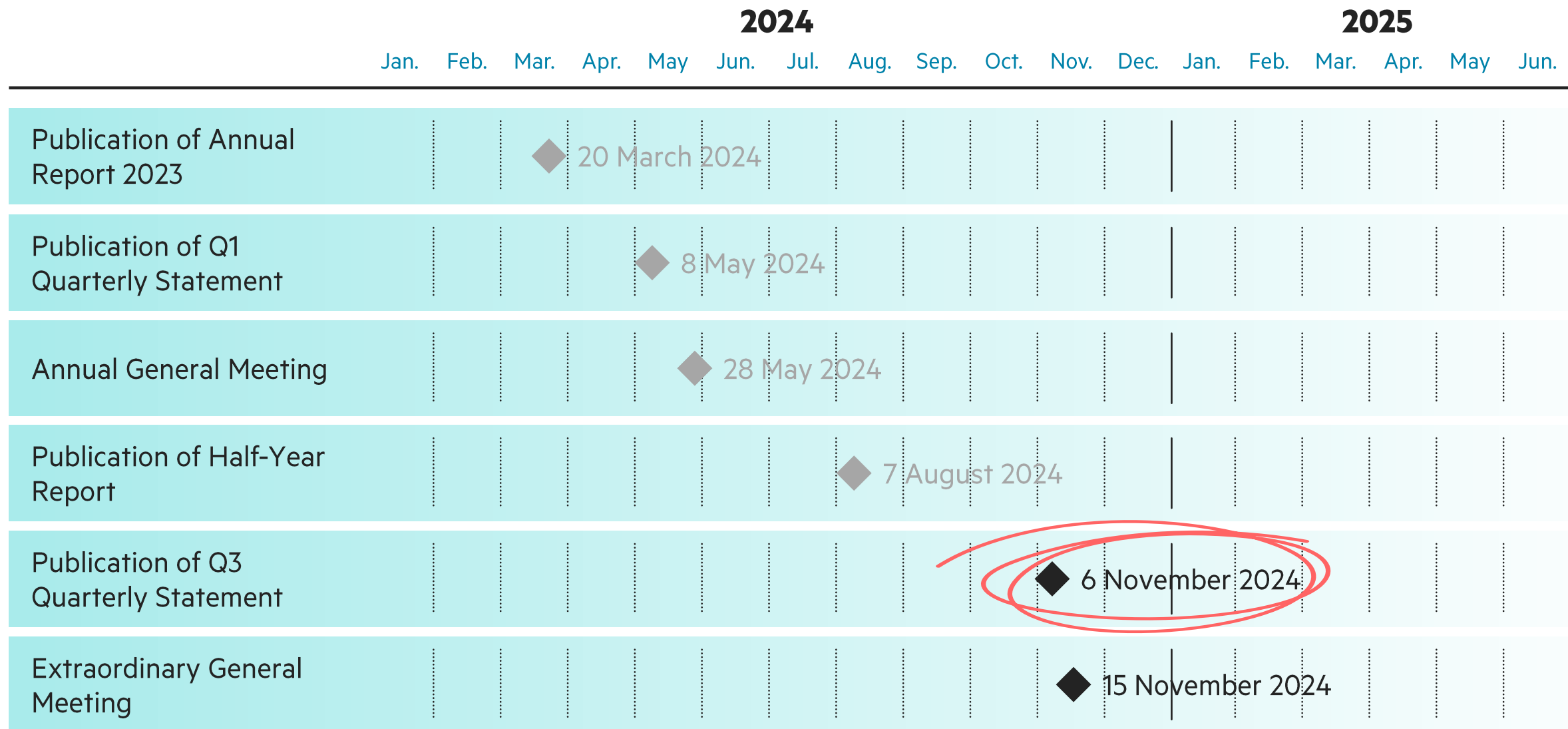
	Q1 '20	Q2 '20	Q3 '20	Q4 '20	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24
Pay-in (in €m)	110.1	138.0	120.6	140.8	121.4	128.4	125.9	128.0	142.5	140.2	147.7	171.3	158.8	167.3	177.0	168.7	196.7	211.4	191.4
BILLINGS (in €m)	140.0	174.4	157.3	181.0	163.3	169.5	160.3	163.4	181.2	177.1	186.1	214.1	201.2	209.9	222.1	210.1	246.3	260.8	236.0
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	62.31	61.59	63.34	58.95
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	7,78	8.00	8.75	9.89
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	1,124	1,333	1,372	1,334
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	50.40	37.11	33.04	33.38	41.98

KPIS (GAMES)

	Q2 '23*	Q3 '23	Q4 '24	Q1 '24	Q2 '24	Q3 '24
Pay-in (in €m)	0.1	3.3	5.1	6.3	6.3	7.1
BILLINGS (in €m)	0.6	16.2	24.9	31.3	29.9	31.6
ABPU (in €)	58.74	306.14	449.1	480.98	535.52	525.2
ARPU (in €)	5.49	22.02	32.89	33.57	41.21	38.84
MAU (in k)	9	18	18	22	19	20

* Games business started in June 2023.

FINANCIAL CALENDAR 2024



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