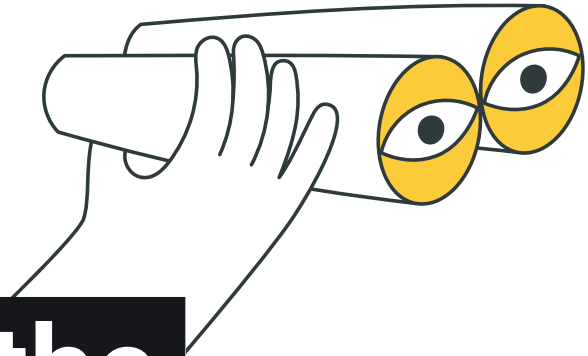


QUARTERLY STATEMENT
1 JANUARY – 31 MARCH 2022



we define the future of lottery



Die Deutsche Traumhauslotterie

NEU
Schon ab
4 € pro Los

Wohne, wie du willst!
**JETZT
TRAUMHAUS
FÜR 1 MIO. €
GEWINNEN!**



ZEAL

ZEAL Network SE is the leading German online broker for state lottery and other permitted lottery products. Our aim is to innovate and drive change in the lottery sector while further expanding our online market leadership.

Our mission

To define the future of lottery! As a technology company, we want to define the future of lotteries by leveraging our e-commerce excellence, lottery expertise and knowledge of our customers' wishes, aims and gaming behaviour.

Our goal

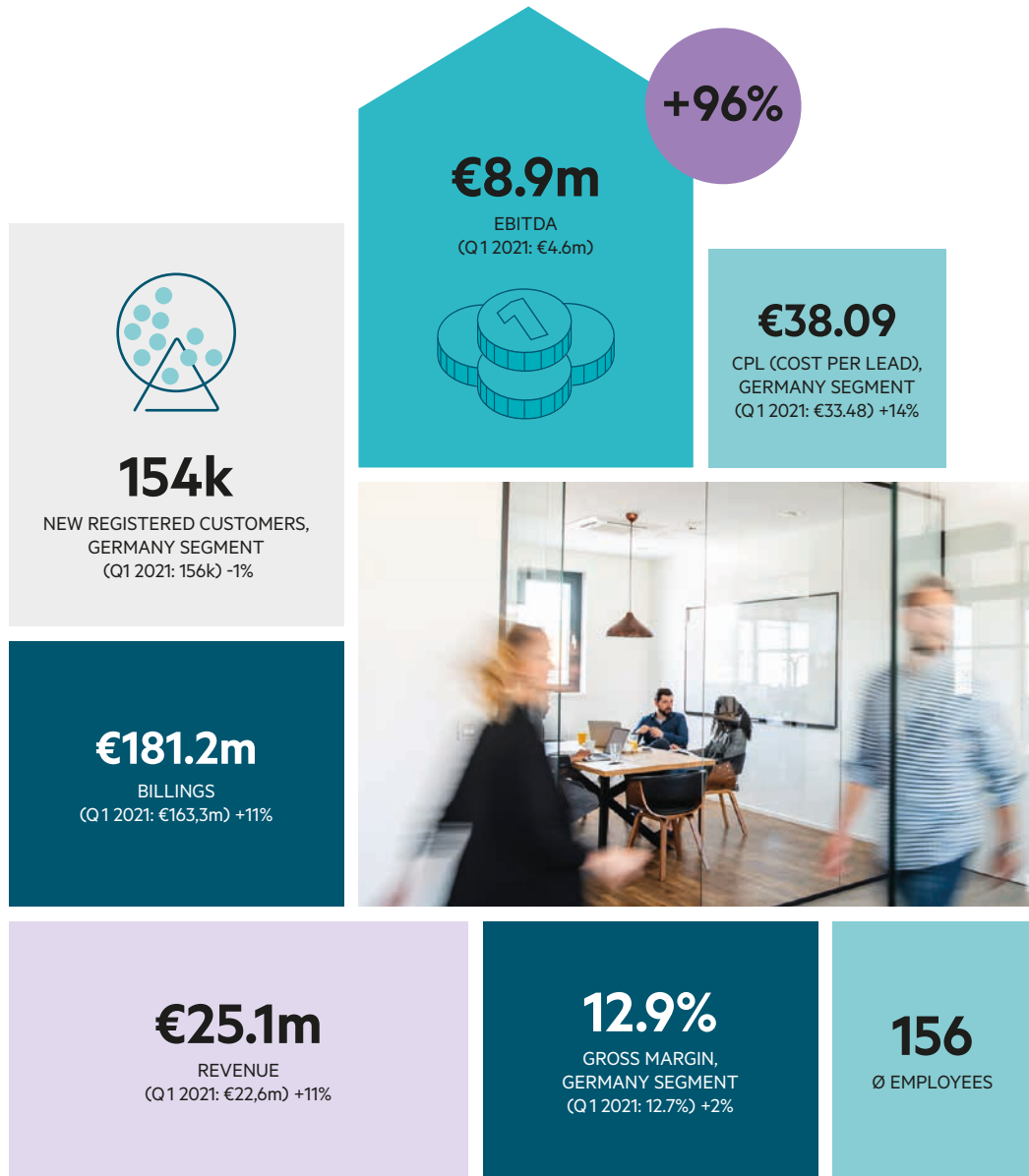
We let people dream. We make a contribution to society. Our work enables people to dream big. And with every lottery ticket sold, we are helping society by supporting good causes via our charity lotteries or via our customers playing the state lotteries.

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Q1 2022

At a Glance



Continued growth and significantly higher profitability

- Growth in business volume
- Further strong increase in profitability
- Launch of 'Deutsche Traumhauslotterie'

Definitions of the measurements disclosed above can be found in the 'Management System' section of the Group Management Report 2021.

Business Review

DEAR SHAREHOLDERS,

We look back on a successful start into 2022: thanks to a better market environment with an improved jackpot development, we were able to increase both billings and revenue in the first quarter. At the same time, we succeeded in improving our profitability.

The jackpot situation for lotteries in Germany during the first quarter of 2022 was better than in the first quarter of 2021: the German lottery 'LOTTO 6aus49' reached the €45 million mark, which triggers a mandatory payout, once for two consecutive draws (2021: none). Although the jackpot of the European lottery 'Eurojackpot' did not reach the €90 million mark, which until the rule change in March 2022 triggered a mandatory payout (2021: once), it was very close on one occasion with a jackpot of €89 million.

In the first quarter of 2022, our billings increased by 11% to €181.2 million¹ (2021: €163.3 million). There was a corresponding rise in revenue of 11% to €25.1 million in total (2021: €22.6 million) and of 14% to €24.0 million in the Germany segment (2021: €21.1 million). Due to a higher-margin product mix in the first quarter of 2022, our gross margin for the Germany segment of 12.9%² was above the prior-year level (2021: 12.7%).

We made further investments in the development of our customer base and gained 154 thousand new registered customers (2021: 156 thousand). The increase in cost per lead (CPL) to €38.09 (2021: €33.48) resulted mainly from a special offer for the charity lottery 'freiheit+' (three tickets for the price of one) launched in January 2022, which we expect to generate loyal customers. Without this effect, a CPL of €33.95 would have been on a par with the previous year.

Personnel expenses of €4.1 million were below the comparative prior-year figure (2021: €5.2 million). Likewise, other operating expenses fell slightly to €12.4 million (2021: €12.9 million). As a result, EBITDA rose to €8.9 million (2021: €4.6 million). At €6.8 million and €5.0 million respectively, both EBIT and net profit were well up on the corresponding prior-year figures (2021: €2.4 million and €2.5 million).

In January, we added the 'Deutsche Traumhauslotterie' to our product portfolio. After 'freiheit+', this is the second charity lottery which ZEAL has implemented in cooperation with the charity organisation BildungsChancen in the course of two years. In customer surveys, we found that the wish to own property is one of the main reasons why people play lotteries. Our 'Traumhauslotterie' serves to fulfil this wish by winning a dream property worth €1 million.

In order to optimise the Company's capital structure, we decided in March 2022 – with the approval of the Supervisory Board – to propose to the Annual Shareholders' Meeting the payment of a special dividend of €1.10 per share in addition to a basic dividend of €1.00 per share, resulting in a total dividend of €2.10 per share.

¹ For contractual reasons, the billings of our ONCE business in Spain are not included in this total.

² As the Spanish ONCE business is not included in billings but only in revenue, our margin trend is better reflected by the Germany segment than at Group level.

Our guidance for billings, revenue and EBITDA remains unchanged. For the fiscal year 2022, we still plan to maintain our position as the leading online provider of lottery products and to launch new products, including online games based on the permit for virtual slot machine games we applied for. Depending on the general conditions – in particular the jackpot development – we continue to anticipate billings of at least €750 million for the Germany segment. Moreover, we still expect revenue to amount to at least €105 million in the fiscal year 2022. 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.

Hamburg, 11 May 2022

The Management Board



Dr Helmut Becker
Chief Executive Officer



Paul Dingwitz
Chief Technology Officer



Sönke Martens
Chief Operations Officer



Jonas Mattsson
Chief Financial Officer

Results of Operations and Financial Position

| Summary of financial results | Q1 2022 | Q1 2021 | Change in % |
|---|--------------|--------------|-------------|
| in € thousand | | | |
| Revenue | 25,114 | 22,620 | 11% |
| Other operating income | 270 | 177 | 53% |
| Personnel expenses | -4,116 | -5,161 | -20% |
| Other operating expenses | -12,354 | -12,882 | -4% |
| Marketing expenses | -7,284 | -7,053 | 3% |
| Direct operating expenses | -2,479 | -2,774 | -11% |
| Indirect operating expenses | -2,591 | -3,055 | -15% |
| Exchange rate differences | 17 | -187 | -109% |
| EBITDA | 8,932 | 4,567 | 96% |
| Amortisation and depreciation | -2,140 | -2,205 | -3% |
| EBIT | 6,792 | 2,362 | 188% |
| Financial result | -158 | 567 | -128% |
| Share of loss from associate | -43 | -50 | -13% |
| Net profit before taxes | 6,591 | 2,879 | 129% |
| Income taxes | -1,584 | -395 | 301% |
| Net profit | 5,007 | 2,484 | 102% |
| Earnings per share for profit attributable to shareholders of the parent company | | | |
| Basic and diluted earnings per share (in €/share) | 0.22 | 0.11 | 100% |

| Other key financial figures and indicators | Q1 2022 | Q1 2021 |
|--|---------|---------|
| Billings (in € thousand) | 181,185 | 163,313 |
| Gross margin (%), Germany segment | 12.9 | 12.7 |
| Number of new registered customers (thousand), Germany segment | 154 | 156 |
| CPL (€), Germany segment | 38.09 | 33.48 |
| MAU (thousand), Germany segment | 1,036 | 966 |
| ABPU (€), Germany segment | 58.31 | 56.36 |

REVENUE

In the first quarter of 2022, revenue increased by 11% (€2,494 thousand). This development was mainly due to the same growth in our billings (11% as well). There was no other operating income from insurance reimbursements for jackpot winnings of our charity lotteries in the first quarter of 2022, nor in the prior-year quarter.

PERSONNEL EXPENSES

Personnel expenses decreased by 20% (€1,045 thousand) in the first three months of 2022. This decline was primarily the result of the slower development in provisions for bonus payments, and in particular provisions for share-based remuneration which was negatively impacted by the lower ZEAL share price in the first quarter of 2022. Moreover, the average number of employees (FTEs, excluding students and temporary staff) decreased from 164 to 156 (5%).

OTHER OPERATING EXPENSES

Other operating expenses declined by 4% (€527 thousand) in the first quarter of 2022:

- **Marketing expenses** rose slightly by 3% (€231 thousand).
- **Direct operating expenses** fell by 11% (€294 thousand). Thanks to the significant improvement in receivables management brought about by our new payment system, there was a correspondingly strong decrease in credit losses. We also terminated several software licences and achieved further synergies.
- We cut our **indirect operating expenses** by a total of 15% (€464 thousand), mainly for purchased services and external staff (€341 thousand).

EBITDA

In the first quarter of 2022, EBITDA improved by 96% (€4,364 thousand). This was primarily driven by the increase in revenue and decrease in personnel expenses.

KEY PERFORMANCE INDICATORS

Billings of our online brokerage business grew year-on-year by 11% (€17,872 thousand) in the first quarter of 2022 thanks to a stronger jackpot development and the continued growth of our customer base. We are not yet able to conclusively assess if and how the current uncertainties in connection with rising inflation and the war in Ukraine affect demand for our products. Due to a higher-margin product mix in the first quarter of 2022, our gross margin rose to 12.9% (2021: 12.7%). This means that our revenue growth in the Germany segment (14%) was stronger than the increase in billings.

We made further investments in the development of our customer base and gained 154 thousand new registered customers (2021: 156 thousand). The increase in cost per lead (CPL) to €38.09 (2021: €33.48) resulted mainly from a special offer for the charity lottery 'freiheit+' (three tickets for the price of one) in January 2022, which we expect to generate loyal customers. Without this effect, the CPL would have amounted to €33.95, on a par with the previous year. The average number of our active users per month (MAU) and average billings per customer (ABPU) in the Germany segment rose slightly to 1,036 thousand and €58.31, respectively, in the first quarter of 2022 (2021: 966 thousand and €56.36).

ANALYSIS OF THE GROUP'S OPERATING SEGMENTS

| Segment reporting 'Germany' | Q 1 2022 | Q 1 2021 |
|--|--------------|--------------|
| in € thousand | | |
| Revenue | 24,038 | 21,120 |
| Other operating income | 270 | 176 |
| Personnel expenses | -3,726 | -4,849 |
| Other operating expenses and exchange rate differences | -11,847 | -12,346 |
| EBITDA | 8,734 | 4,101 |

Revenue growth in the Germany segment of 14% (€2,918 thousand) was slightly above the increase in billings (11%). This development was driven in part by our efforts to raise the proportion of high-margin products. Together with a decrease in personnel expenses of 23% (€1,123 thousand), this led to an improvement in EBITDA of 113% (€4,633 thousand).

| Segment reporting 'Other' | Q 1 2022 | Q 1 2021 |
|--|------------|------------|
| in € thousand | | |
| Revenue | 1,076 | 1,500 |
| Other operating income | 1 | 1 |
| Personnel expenses | -389 | -312 |
| Other operating expenses and exchange rate differences | -490 | -723 |
| EBITDA | 197 | 466 |

The decrease in revenue of 28% (€424 thousand) in the Other segment was due to contractual changes. By contrast, we expanded our portfolio of services and extended the contract with ONCE until the end of 2026.

CASH FLOW

| | Q 1 2022 | Q 1 2021 |
|--|--------------|--------------|
| in € thousand | | |
| Cash inflow/outflow from operating activities | 8,482 | 3,076 |
| Cash inflow/outflow from investing activities | 239 | 35 |
| Cash outflow from financing activities | -820 | -204 |
| Change in available funds | 7,901 | 2,907 |
| Available funds at the beginning of the period | 90,100 | 86,061 |
| Available funds at the end of the period | 98,001 | 88,968 |

In the first quarter of 2022, available funds rose by €7,901 thousand. This development is mainly due to the following cash inflows and outflows:

- a cash inflow from operating activities of €8,482 thousand, primarily corresponding to the positive EBITDA result of €8,932 thousand.
- payments for lease liabilities of €820 thousand, which were mostly made outside the first quarter in the previous year.

ASSET AND FINANCIAL POSITION

In the first quarter of 2022, there were no significant changes in the asset and financial position of the ZEAL Group compared to 31 December 2021.

SUBSEQUENT EVENTS

As we regard the development of our investment TH Travel Ltd as highly promising, we invested a further GB300 thousand in the company on 28 April 2022. It operates a gaming platform for millennials in the United Kingdom under the 'DAYMADE' brand, which focuses on travel and local events.

Basis of Reporting

This Quarterly Statement for ZEAL Network SE (the 'Company') and its subsidiaries (collectively, 'ZEAL Group' or 'the Group') covers the period from 1 January 2022 to 31 March 2022. The date of the interim consolidated statement of financial position is 31 March 2022. This Quarterly Statement is not an interim report pursuant to IAS 34 nor does it constitute financial statements pursuant to IAS 1. It has not been reviewed by an auditor. This Quarterly Statement should be read in conjunction with the Annual Report 2021 and the additional information about the Company contained therein. You can find the Annual Report 2021 on our website at zealnetwork.de.

FINANCIAL CALENDAR

| | |
|-------------------------|---|
| 30 June 2022 | Annual General Meeting |
| 11 August 2022 | Publication of Half-Year Report 2022 |
| 10 November 2022 | Publication of Quarterly Statement Q 1–3 2022 |

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Published by

ZEAL Network SE

Straßenbahnring 11
20251 Hamburg
Germany

Phone: +49 (0)40 809 036 065
zealnetwork.de

Concept, consulting & design
Impacct Communication GmbH
impacct.de

zealnetwork.de