

# ZEAL Network SE

Others - Germany



**Buy** (old: Buy)

08.10.2024

**EUR 54.00** (old: EUR 54.00)

## Conference Feedback: growth in- and outside the state lottery

Last week, we hosted ZEAL at the European MidCap Conference in Paris where we sat down with the company for some insightful meetings. Here are the key takeaways:

**Strong market share gains during peak jackpots:** during the strong jackpot phases in Q1, ZEAL's brokerage business has noted a strong jump in market share. While this is not disclosed and exact data will be available in Jan'25, our preliminary calculations indicate ZEAL's market share at around 43-44% (vs. 41.4% in FY'23).

**Market trend tailwinds:** Within the lottery brokerage business, growth is stemming from (1) a rising on-line penetration, which still stands at a mere 24% and (2) an increase in market share. In both cases, it is crucial for ZEAL to acquire those customers that are switching from offline to online instead of trying to acquire customers that are already onboarded in the online channel of the state lottery (lotto.de). Last year's decision to focus more in brand marketing, additional to performance marketing, thus clearly pays off, visible in reduced CPLs and high user intake this year.

**Additional growth beyond the state lottery:** The most recent additions to ZEAL's offering (Games and Dream House Raffle) are not only serving ZEAL's cross-selling and lock-in of customers, but are also completely outside of the state-lottery (brokerage business), thus reducing ZEAL's dependency on a volatile jackpot environment. Despite being new and thus still small compared to the brokerage business, both show great potentials and come in with higher ARPUs and margins, improving the overall mix.

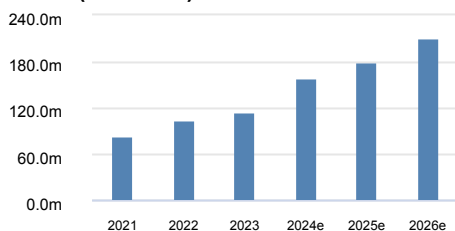
**Strong operating leverage:** While in FY'24e, the operating leverage effect should be subdued temporarily by an increase of personnel expenses (currently: 240 FTEs vs. an average of 172 in FY'23) for the successful implementation of new products (i.e. Games, Dream House Raffle, etc.), the level show its full effect into FY'25e, where strong top-line growth meets a more constant cost base and thus rising EBITDA margins.

All in all, ZEAL is well on track to increase its user base while also increasing customer monetization at the same time, leading to an ever growing CLTV for ZEAL's customer base. Therefore, we **reiterate our BUY recommendation** and ZEAL's position in our **AlphaList** with unchanged PT of € 54.00, based on DCF.

| Y/E 31.12 (EUR m)        | 2021  | 2022  | 2023  | 2024e | 2025e | 2026e |
|--------------------------|-------|-------|-------|-------|-------|-------|
| Sales                    | 83.3  | 105.2 | 116.0 | 158.8 | 180.7 | 211.0 |
| Sales growth             | -4.2% | 26.2% | 10.3% | 36.8% | 13.8% | 16.8% |
| EBITDA                   | 27.7  | 31.7  | 32.8  | 42.1  | 57.7  | 72.7  |
| Net debt (if net cash=0) | -38.5 | -28.5 | -29.7 | -43.3 | -56.3 | -76.6 |
| FCF                      | 26.0  | 27.1  | 24.9  | 38.1  | 39.8  | 49.3  |
| Net Debt/EBITDA          | -1.4  | -0.9  | -0.9  | -1.0  | -1.0  | -1.1  |
| EPS pro forma            | 0.48  | 0.72  | 0.57  | 2.03  | 1.34  | 1.77  |
| EBITDA margin            | 33.3% | 30.1% | 28.3% | 26.5% | 31.9% | 34.5% |
| ROCE                     | 5.0%  | 6.0%  | 7.2%  | 11.1% | 16.3% | 21.9% |
| EV/sales                 | 10.5  | 6.7   | 6.8   | 4.9   | 4.2   | 3.5   |
| EV/EBITDA                | 31.6  | 22.4  | 24.0  | 18.4  | 13.2  | 10.2  |
| PER                      | 75.9  | 51.2  | 63.8  | 18.1  | 27.2  | 20.6  |
| Adjusted FCF yield       | 1.8%  | 3.7%  | 3.9%  | 7.6%  | 5.6%  | 7.2%  |

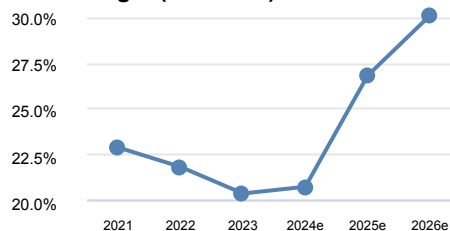
Source: Company data, NuWays, Close price as of 27.09.2024

### Sales (2021-26e)



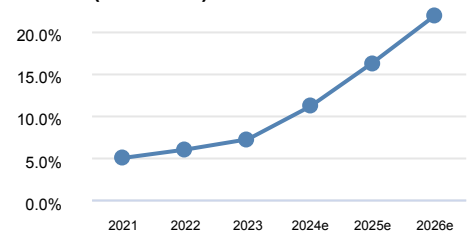
Source: NuWays Research

### EBIT margin (2021-26e)



Source: NuWays Research

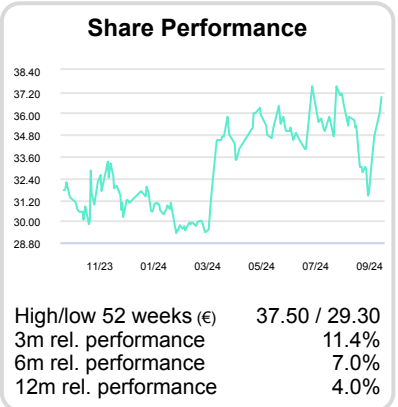
### ROCE (2021-26e)



Source: NuWays Research

### Company description

ZEAL brokers lottery products via the internet under two well-known web-domains: Lotto24.de and Tipp24.de and receives brokerage commissions from the lottery operators. In addition, the company also operates instant win games & charity based lotteries.



### Market data

|                             |       |
|-----------------------------|-------|
| Share price (in €)          | 36.90 |
| Market cap (in € m)         | 816.4 |
| Number of shares (in m pcs) | 22.3  |
| Enterprise value (in € m)   | 773.8 |
| Ø trading volume (6 months) | 3,796 |

### Identifier

|           |              |
|-----------|--------------|
| Bloomberg | TIMA GR      |
| Reuters   | TIMAn        |
| WKN       | ZEAL24       |
| ISIN      | DE000ZEAL241 |

### Key shareholders

|                 |       |
|-----------------|-------|
| Günther Group   | 35.2% |
| Working Capital | 20.2% |
| Marc Peters     | 4.5%  |
| Jens Schumann   | 3.6%  |
| Free Float      | 36.6% |

### Estimates changes

|       | 2024e | 2025e | 2026e |
|-------|-------|-------|-------|
| Sales | 0%    | 0%    | 0%    |
| EBIT  | 0%    | 0%    | 0%    |
| EPS   | 0%    | 0%    | 0%    |

### Comment on changes

## Financials

| Profit and loss (EUR m)                                   | 2021        | 2022         | 2023         | 2024e        | 2025e        | 2026e        |
|---|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>Net sales</b>  | <b>83.3</b> | <b>105.2</b> | <b>116.0</b> | <b>158.8</b> | <b>180.7</b> | <b>211.0</b> |
| <i>Sales growth</i>                                       | -4.2%       | 26.2%        | 10.3%        | 36.8%        | 13.8%        | 16.8%        |
| Increase/decrease in finished goods and work-in-process   | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Total sales</b>  | <b>83.3</b> | <b>105.2</b> | <b>116.1</b> | <b>158.8</b> | <b>180.7</b> | <b>211.0</b> |
| Other operating income                                    | 4.6         | 2.3          | 1.3          | 1.6          | 1.5          | 1.6          |
| Material expenses   | 0.0         | 0.0          | -0.0         | 0.0          | 0.0          | 0.0          |
| Personnel expenses  | 19.0        | 18.9         | 22.6         | 29.0         | 29.8         | 33.8         |
| Other operating expenses                                  | 41.2        | 57.0         | 62.0         | 89.3         | 94.7         | 106.1        |
| <b>Total operating expenses</b>                           | <b>55.6</b> | <b>73.5</b>  | <b>83.2</b>  | <b>116.7</b> | <b>123.0</b> | <b>138.3</b> |
| <b>EBITDA</b>   | <b>27.7</b> | <b>31.7</b>  | <b>32.8</b>  | <b>42.1</b>  | <b>57.7</b>  | <b>72.7</b>  |
| Depreciation  | 0.7         | 0.7          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>EBITA</b>  | <b>27.0</b> | <b>31.0</b>  | <b>32.8</b>  | <b>42.1</b>  | <b>57.7</b>  | <b>72.7</b>  |
| Amortisation of goodwill                                  | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Amortisation of intangible assets                         | 7.9         | 8.1          | 9.3          | 9.3          | 9.3          | 9.3          |
| Impairment charges  | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>EBIT (inc revaluation net)</b>                         | <b>19.0</b> | <b>22.9</b>  | <b>23.6</b>  | <b>32.9</b>  | <b>48.4</b>  | <b>63.5</b>  |
| Interest income   | 0.2         | 1.4          | 0.5          | 0.5          | 0.4          | 0.3          |
| Interest expenses   | 2.0         | 0.7          | 1.8          | 1.8          | 1.7          | 1.6          |
| Investment income   | -0.3        | -0.2         | -0.0         | 0.0          | 0.0          | 0.0          |
| Financial result  | -2.4        | -0.1         | -1.3         | -1.3         | -1.3         | -1.3         |
| <b>Recurring pretax income from continuing operations</b> | <b>16.7</b> | <b>22.8</b>  | <b>22.2</b>  | <b>31.5</b>  | <b>47.1</b>  | <b>62.1</b>  |
| Extraordinary income/loss                                 | 0.0         | 0.0          | -0.0         | 0.0          | 0.0          | 0.0          |
| <b>Earnings before taxes</b>                              | <b>16.7</b> | <b>22.8</b>  | <b>22.3</b>  | <b>31.5</b>  | <b>47.1</b>  | <b>62.1</b>  |
| Income tax expense  | 5.3         | 6.2          | 8.6          | -16.8        | 15.1         | 19.9         |
| <b>Net income from continuing operations</b>              | <b>11.4</b> | <b>16.6</b>  | <b>13.7</b>  | <b>48.3</b>  | <b>32.0</b>  | <b>42.3</b>  |
| Income from discontinued operations (net of tax)          | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Net income</b>   | <b>11.4</b> | <b>16.6</b>  | <b>13.7</b>  | <b>48.3</b>  | <b>32.0</b>  | <b>42.3</b>  |
| Minority interest   | 0.6         | 0.6          | 0.9          | 3.1          | 2.0          | 2.7          |
| <b>Net profit (reported)</b>                              | <b>10.8</b> | <b>16.0</b>  | <b>12.8</b>  | <b>45.2</b>  | <b>30.0</b>  | <b>39.6</b>  |
| Average number of shares                                  | 22.4        | 22.3         | 22.3         | 22.3         | 22.3         | 22.3         |
| <b>EPS reported</b>                                       | <b>0.48</b> | <b>0.72</b>  | <b>0.57</b>  | <b>2.03</b>  | <b>1.34</b>  | <b>1.77</b>  |

| Profit and loss (common size)                             | 2021          | 2022          | 2023          | 2024e         | 2025e         | 2026e         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Net sales</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <i>Sales growth</i>                                       | -4.2%         | 26.2%         | 10.3%         | 36.8%         | 13.8%         | 16.8%         |
| Increase/decrease in finished goods and work-in-process   | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Total sales</b>  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| Other operating income                                    | 5.5%          | 2.2%          | 1.1%          | 1.0%          | 0.8%          | 0.8%          |
| Material expenses   | 0.0%          | 0.0%          | -0.0%         | 0.0%          | 0.0%          | 0.0%          |
| Personnel expenses  | 22.9%         | 18.0%         | 19.4%         | 18.3%         | 16.5%         | 16.0%         |
| Other operating expenses                                  | 49.4%         | 54.1%         | 53.4%         | 56.2%         | 52.4%         | 50.3%         |
| <b>Total operating expenses</b>                           | <b>66.7%</b>  | <b>69.9%</b>  | <b>71.7%</b>  | <b>73.5%</b>  | <b>68.1%</b>  | <b>65.5%</b>  |
| <b>EBITDA</b>   | <b>33.3%</b>  | <b>30.1%</b>  | <b>28.3%</b>  | <b>26.5%</b>  | <b>31.9%</b>  | <b>34.5%</b>  |
| Depreciation  | 0.9%          | 0.6%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>EBITA</b>  | <b>32.4%</b>  | <b>29.5%</b>  | <b>28.3%</b>  | <b>26.5%</b>  | <b>31.9%</b>  | <b>34.5%</b>  |
| Amortisation of goodwill                                  | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Amortisation of intangible assets                         | 9.5%          | 7.7%          | 8.0%          | 5.8%          | 5.1%          | 4.4%          |
| Impairment charges  | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>EBIT (inc revaluation net)</b>                         | <b>22.9%</b>  | <b>21.8%</b>  | <b>20.3%</b>  | <b>20.7%</b>  | <b>26.8%</b>  | <b>30.1%</b>  |
| Interest income   | 0.2%          | 1.4%          | 0.4%          | 0.3%          | 0.2%          | 0.1%          |
| Interest expenses   | 2.4%          | 0.7%          | 1.5%          | 1.1%          | 0.9%          | 0.8%          |
| Investment income   | -0.4%         | -0.2%         | -0.0%         | 0.0%          | 0.0%          | 0.0%          |
| Financial result  | neg.          | neg.          | neg.          | neg.          | neg.          | neg.          |
| <b>Recurring pretax income from continuing operations</b> | <b>20.0%</b>  | <b>21.7%</b>  | <b>19.2%</b>  | <b>19.9%</b>  | <b>26.1%</b>  | <b>29.4%</b>  |
| Extraordinary income/loss                                 | 0.0%          | 0.0%          | -0.0%         | 0.0%          | 0.0%          | 0.0%          |
| <b>Earnings before taxes</b>                              | <b>20.0%</b>  | <b>21.7%</b>  | <b>19.2%</b>  | <b>19.9%</b>  | <b>26.1%</b>  | <b>29.4%</b>  |
| Tax rate  | 31.5%         | 27.4%         | 38.6%         | -53.1%        | 32.0%         | 32.0%         |
| <b>Net income from continuing operations</b>              | <b>13.7%</b>  | <b>15.7%</b>  | <b>11.8%</b>  | <b>30.4%</b>  | <b>17.7%</b>  | <b>20.0%</b>  |
| Income from discontinued operations (net of tax)          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Net income</b>   | <b>13.7%</b>  | <b>15.7%</b>  | <b>11.8%</b>  | <b>30.4%</b>  | <b>17.7%</b>  | <b>20.0%</b>  |
| Minority interest   | 0.7%          | 0.6%          | 0.8%          | 1.9%          | 1.1%          | 1.3%          |
| <b>Net profit (reported)</b>                              | <b>12.9%</b>  | <b>15.2%</b>  | <b>11.0%</b>  | <b>28.5%</b>  | <b>16.6%</b>  | <b>18.7%</b>  |

Source: Company data, NuWays

| Balance sheet (EUR m)                        | 2021         | 2022         | 2023         | 2024e        | 2025e        | 2026e        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Intangible assets                            | 298.0        | 289.6        | 281.7        | 273.8        | 265.8        | 257.9        |
| Property, plant and equipment                | 0.6          | 1.2          | 1.2          | 1.2          | 1.2          | 1.2          |
| Financial assets                             | 16.6         | 22.5         | 18.2         | 18.2         | 18.2         | 18.2         |
| <b>FIXED ASSETS</b>                          | <b>315.2</b> | <b>313.2</b> | <b>301.0</b> | <b>293.1</b> | <b>285.2</b> | <b>277.3</b> |
| Inventories                                  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Accounts receivable                          | 1.8          | 1.4          | 2.6          | 3.6          | 4.1          | 4.8          |
| Other assets and short-term financial assets | 82.9         | 75.4         | 30.5         | 30.5         | 30.5         | 30.5         |
| Liquid assets                                | 90.1         | 61.2         | 57.4         | 82.8         | 90.8         | 106.1        |
| Deferred taxes                               | 11.9         | 6.9          | 1.0          | 1.0          | 1.0          | 1.0          |
| Deferred charges and prepaid expenses        | 1.5          | 1.5          | 1.7          | 1.7          | 1.7          | 1.7          |
| <b>CURRENT ASSETS</b>                        | <b>188.6</b> | <b>146.5</b> | <b>93.6</b>  | <b>119.7</b> | <b>128.2</b> | <b>144.2</b> |
| <b>TOTAL ASSETS</b>                          | <b>503.8</b> | <b>459.7</b> | <b>394.6</b> | <b>412.8</b> | <b>413.4</b> | <b>421.5</b> |

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>SHAREHOLDERS EQUITY</b>                                | <b>378.2</b> | <b>328.0</b> | <b>259.2</b> | <b>279.4</b> | <b>282.4</b> | <b>292.8</b> |
| MINORITY INTEREST   | 6.7          | 6.1          | 5.6          | 8.6          | 10.7         | 13.4         |
| Long-term liabilities to banks                            | 7.6          | 22.9         | 15.8         | 25.8         | 21.8         | 17.8         |
| Bonds (long-term)   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| other interest-bearing liabilities                        | 42.9         | 5.1          | 4.8          | 4.8          | 4.8          | 4.8          |
| Provisions for pensions and similar obligations           | 0.4          | 0.1          | 0.7          | 0.7          | 0.7          | 0.7          |
| Other provisions and accrued liabilities                  | 4.0          | 4.0          | 4.2          | 4.2          | 4.2          | 4.2          |
| <b>NON-CURRENT LIABILITIES</b>                            | <b>54.8</b>  | <b>32.1</b>  | <b>25.5</b>  | <b>35.5</b>  | <b>31.5</b>  | <b>27.5</b>  |
| Short-term liabilities to banks                           | 1.1          | 4.7          | 7.2          | 9.0          | 8.0          | 7.0          |
| Accounts payable  | 3.7          | 3.8          | 3.6          | 3.9          | 4.5          | 4.5          |
| Advance payments received on orders                       | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Accrued taxes   | 3.9          | 5.8          | 1.4          | 1.4          | 1.4          | 1.4          |
| Other liabilities (incl. from lease and rental contracts) | 6.5          | 33.0         | 48.0         | 48.0         | 48.0         | 48.0         |
| Deferred taxes  | 48.8         | 46.3         | 44.2         | 27.0         | 27.0         | 27.0         |
| Deferred income   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>CURRENT LIABILITIES</b>                                | <b>64.0</b>  | <b>93.5</b>  | <b>104.4</b> | <b>89.3</b>  | <b>88.9</b>  | <b>87.9</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>503.8</b> | <b>459.7</b> | <b>394.6</b> | <b>412.8</b> | <b>413.4</b> | <b>421.5</b> |

| Balance sheet (common size)                  | 2021          | 2022          | 2023          | 2024e         | 2025e         | 2026e         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Intangible assets                            | 59.2%         | 63.0%         | 71.4%         | 66.3%         | 64.3%         | 61.2%         |
| Property, plant and equipment                | 0.1%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          |
| Financial assets                             | 3.3%          | 4.9%          | 4.6%          | 4.4%          | 4.4%          | 4.3%          |
| <b>FIXED ASSETS</b>                          | <b>62.6%</b>  | <b>68.1%</b>  | <b>76.3%</b>  | <b>71.0%</b>  | <b>69.0%</b>  | <b>65.8%</b>  |
| Inventories                                  | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Accounts receivable                          | 0.4%          | 0.3%          | 0.7%          | 0.9%          | 1.0%          | 1.1%          |
| Other assets and short-term financial assets | 16.5%         | 16.4%         | 7.7%          | 7.4%          | 7.4%          | 7.2%          |
| Liquid assets                                | 17.9%         | 13.3%         | 14.5%         | 20.1%         | 22.0%         | 25.2%         |
| Deferred taxes                               | 2.4%          | 1.5%          | 0.3%          | 0.2%          | 0.2%          | 0.2%          |
| Deferred charges and prepaid expenses        | 0.3%          | 0.3%          | 0.4%          | 0.4%          | 0.4%          | 0.4%          |
| <b>CURRENT ASSETS</b>                        | <b>37.4%</b>  | <b>31.9%</b>  | <b>23.7%</b>  | <b>29.0%</b>  | <b>31.0%</b>  | <b>34.2%</b>  |
| <b>TOTAL ASSETS</b>                          | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

|   |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>SHAREHOLDERS EQUITY</b>                                | <b>75.1%</b>  | <b>71.3%</b>  | <b>65.7%</b>  | <b>67.7%</b>  | <b>68.3%</b>  | <b>69.5%</b>  |
| MINORITY INTEREST   | 1.3%          | 1.3%          | 1.4%          | 2.1%          | 2.6%          | 3.2%          |
| Long-term liabilities to banks                            | 1.5%          | 5.0%          | 4.0%          | 6.2%          | 5.3%          | 4.2%          |
| Bonds (long-term)   | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| other interest-bearing liabilities                        | 8.5%          | 1.1%          | 1.2%          | 1.2%          | 1.2%          | 1.1%          |
| Provisions for pensions and similar obligations           | 0.1%          | 0.0%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          |
| Other provisions and accrued liabilities                  | 0.8%          | 0.9%          | 1.1%          | 1.0%          | 1.0%          | 1.0%          |
| <b>NON-CURRENT LIABILITIES</b>                            | <b>10.9%</b>  | <b>7.0%</b>   | <b>6.5%</b>   | <b>8.6%</b>   | <b>7.6%</b>   | <b>6.5%</b>   |
| Short-term liabilities to banks                           | 0.2%          | 1.0%          | 1.8%          | 2.2%          | 1.9%          | 1.7%          |
| Accounts payable  | 0.7%          | 0.8%          | 0.9%          | 0.9%          | 1.1%          | 1.1%          |
| Advance payments received on orders                       | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Accrued taxes   | 0.8%          | 1.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          |
| Other liabilities (incl. from lease and rental contracts) | 1.3%          | 7.2%          | 12.2%         | 11.6%         | 11.6%         | 11.4%         |
| Deferred taxes  | 9.7%          | 10.1%         | 11.2%         | 6.5%          | 6.5%          | 6.4%          |
| Deferred income   | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>CURRENT LIABILITIES</b>                                | <b>12.7%</b>  | <b>20.3%</b>  | <b>26.5%</b>  | <b>21.6%</b>  | <b>21.5%</b>  | <b>20.8%</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

Source: Company data, NuWays

# ZEAL Network SE

Update - 08.10.2024



| Cash flow statement (EUR m)                          | 2021         | 2022         | 2023         | 2024e        | 2025e        | 2026e        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Net profit/loss                                      | 11.4         | 16.6         | 13.7         | 48.3         | 32.0         | 42.3         |
| Depreciation of fixed assets (incl. leases)          | 0.7          | 0.7          | 0.0          | 0.0          | 0.0          | 0.0          |
| Amortisation of goodwill & intangible assets         | 7.9          | 8.1          | 9.3          | 9.3          | 9.3          | 9.3          |
| Other costs affecting income / expenses              | 0.2          | -0.3         | 0.0          | -17.2        | 0.0          | 0.0          |
| Cash flow from operating activities                  | 19.4         | 27.3         | 25.3         | 39.5         | 41.1         | 50.6         |
| Increase/decrease in inventory                       | 0.0          | 4.3          | 0.0          | 0.0          | 0.0          | 0.0          |
| Increase/decrease in accounts receivable             | -0.5         | 0.4          | -1.2         | -1.0         | -0.5         | -0.7         |
| Increase/decrease in accounts payable                | 0.1          | 0.1          | -0.2         | 0.3          | 0.5          | 0.0          |
| Increase/decrease in other working capital positions | -0.1         | -1.2         | 3.8          | 0.0          | 0.0          | 0.0          |
| Increase/decrease in working capital                 | -0.5         | 3.5          | 2.4          | -0.7         | 0.0          | -0.7         |
| <b>Cash flow from operating activities</b>           | <b>26.4</b>  | <b>28.5</b>  | <b>25.3</b>  | <b>39.7</b>  | <b>41.3</b>  | <b>50.8</b>  |
| CAPEX  | 0.4          | 1.4          | 0.4          | 1.5          | 1.5          | 1.5          |
| Payments for acquisitions                            | 1.2          | 0.6          | 0.0          | 0.0          | 0.0          | 0.0          |
| Financial investments                                | 0.0          | 5.4          | 0.4          | 0.0          | 0.0          | 0.0          |
| Income from asset disposals                          | 1.0          | 1.2          | 57.2         | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from investing activities</b>           | <b>-0.6</b>  | <b>-6.2</b>  | <b>56.4</b>  | <b>-1.5</b>  | <b>-1.5</b>  | <b>-1.5</b>  |
| Cash flow before financing                           | 5.7          | -24.7        | 2.3          | 13.6         | 13.0         | 20.3         |
| Increase/decrease in debt position                   | 7.0          | 16.9         | -5.0         | 11.8         | -5.0         | -5.0         |
| Purchase of own shares                               | 0.0          | 20.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| Capital measures                                     | 0.0          | 0.1          | 0.0          | 0.0          | 0.0          | 0.0          |
| Dividends paid                                       | 20.1         | 47.0         | 79.4         | 24.5         | 26.8         | 29.0         |
| Others   | -8.7         | -1.2         | -1.0         | 0.0          | 0.0          | 0.0          |
| Effects of exchange rate changes on cash             | 0.0          | -0.0         | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from financing activities</b>           | <b>-21.8</b> | <b>-51.2</b> | <b>-85.4</b> | <b>-12.7</b> | <b>-31.8</b> | <b>-34.0</b> |
| Increase/decrease in liquid assets                   | 4.0          | -28.9        | -3.8         | 25.4         | 8.0          | 15.3         |
| <b>Liquid assets at end of period</b>                | <b>90.1</b>  | <b>61.2</b>  | <b>57.4</b>  | <b>82.8</b>  | <b>90.8</b>  | <b>106.1</b> |

| Key ratios (EUR m)                   | 2021   | 2022   | 2023   | 2024e  | 2025e   | 2026e   |
|--------------------------------------|--------|--------|--------|--------|---------|---------|
| <b>P&amp;L growth analysis</b>       |        |        |        |        |         |         |
| Sales growth                         | -4.2%  | 26.2%  | 10.3%  | 36.8%  | 13.8%   | 16.8%   |
| EBITDA growth                        | 60.0%  | 14.1%  | 3.8%   | 28.2%  | 36.9%   | 26.1%   |
| EBIT growth                          | 254.3% | 20.4%  | 2.9%   | 39.3%  | 47.3%   | 31.1%   |
| EPS growth                           | 32.0%  | 48.4%  | -19.8% | 253.5% | -33.7%  | 32.0%   |
| <b>Efficiency</b>                    |        |        |        |        |         |         |
| Sales per employee                   | 530.8  | 649.4  | 694.9  | 923.3  | 1,032.6 | 1,185.4 |
| EBITDA per employee                  | 176.6  | 195.4  | 196.7  | 244.9  | 329.6   | 408.7   |
| No. employees (average)              | 157    | 162    | 167    | 172    | 175     | 178     |
| <b>Balance sheet analysis</b>        |        |        |        |        |         |         |
| Avg. working capital / sales         | 5.8%   | -2.0%  | -1.0%  | -0.8%  | -0.3%   | 0.0%    |
| Inventory turnover (sales/inventory) | n.a.   | n.a.   | n.a.   | n.a.   | n.a.    | n.a.    |
| Accounts receivable turnover         | 7.8    | 5.0    | 8.3    | 8.3    | 8.3     | 8.3     |
| Accounts payable turnover            | 16.2   | 13.2   | 11.4   | 9.0    | 9.0     | 7.7     |
| <b>Cash flow analysis</b>            |        |        |        |        |         |         |
| Free cash flow                       | 26.0   | 27.1   | 24.9   | 38.1   | 39.8    | 49.3    |
| Free cash flow/sales                 | 31.2%  | 25.7%  | 21.4%  | 24.0%  | 22.0%   | 23.4%   |
| FCF / net profit                     | 227.9% | 163.4% | 182.1% | 79.0%  | 124.2%  | 116.6%  |
| Capex / sales                        | n.a.   | n.a.   | n.a.   | n.a.   | n.a.    | n.a.    |
| <b>Solvency</b>                      |        |        |        |        |         |         |
| Net debt                             | -38.5  | -28.5  | -29.7  | -43.3  | -56.3   | -76.6   |
| Net Debt/EBITDA                      | -1.4   | -0.9   | -0.9   | -1.0   | -1.0    | -1.1    |
| Dividend payout ratio                | 435.7% | 503.3% | 191.8% | 59.2%  | 96.7%   | 78.9%   |
| Interest paid / avg. debt            | 3.8%   | 2.3%   | 4.5%   | 4.9%   | 5.4%    | 4.7%    |
| <b>Returns</b>                       |        |        |        |        |         |         |
| ROCE                                 | 5.0%   | 6.0%   | 7.2%   | 11.1%  | 16.3%   | 21.9%   |
| ROE                                  | 2.9%   | 4.9%   | 4.9%   | 16.2%  | 10.6%   | 13.5%   |
| Adjusted FCF yield                   | 1.8%   | 3.7%   | 3.9%   | 7.6%   | 5.6%    | 7.2%    |
| Dividend yield                       | 5.7%   | 9.8%   | 3.0%   | 3.3%   | 3.6%    | 3.8%    |
| DPS                                  | 2.1    | 3.6    | 1.1    | 1.2    | 1.3     | 1.4     |
| EPS reported                         | 0.48   | 0.72   | 0.57   | 2.03   | 1.34    | 1.77    |
| Average number of shares             | 22.4   | 22.3   | 22.3   | 22.3   | 22.3    | 22.3    |
| <b>Valuation ratios</b>              |        |        |        |        |         |         |
| P/BV                                 | 2.2    | 2.5    | 3.1    | 2.9    | 2.9     | 2.8     |
| EV/sales                             | 10.5   | 6.7    | 6.8    | 4.9    | 4.2     | 3.5     |
| EV/EBITDA                            | 31.6   | 22.4   | 24.0   | 18.4   | 13.2    | 10.2    |
| EV/EBIT                              | 46.0   | 30.9   | 33.4   | 23.5   | 15.7    | 11.7    |

Source: Company data, NuWays

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| Company         | Disclosures |
|-----------------|-------------|
| ZEAL Network SE | 2           |

### Historical target price and rating changes for ZEAL Network SE

| Company         | Date       | Analyst         | Rating | Target Price | Close     |
|-----------------|------------|-----------------|--------|--------------|-----------|
| ZEAL Network SE | 09.07.2024 | Wendisch, Henry | Buy    | EUR 54.00    | EUR 34.00 |
|                 | 10.05.2024 | Wendisch, Henry | Buy    | EUR 53.00    | EUR 36.00 |
|                 | 09.11.2023 | Wendisch, Henry | Buy    | EUR 51.00    | EUR 30.00 |

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