



***pferdewetten.de* | AG**

INVESTOR PRESENTATION

JUNE 2023



Thanks to its **omni-channel strategy**, pferdewetten.de AG wants to grow to a turnover of **€48 million** by 2026 and **become the No.2 in sports betting in Germany.**



YESTERDAY

Full focus on online horse betting



TODAY

Launch phase for omni-channel sports betting with focus on expansion of sports betting retail



TOMORROW

A leading omni-channel provider for sports betting and gaming

THE COMPANY BRIEF & COMPACT

Starting point for a leap in turnover and earnings

Foundation

1997

Employees

85

Registered users

123,000

Segments

3

Horse betting
Sports betting online
Sports betting retail

Own company software

TOP 3

Active shops

51

Gaming volume 2022 in € million

452.5

Turnover (NGR) 2022 in € million

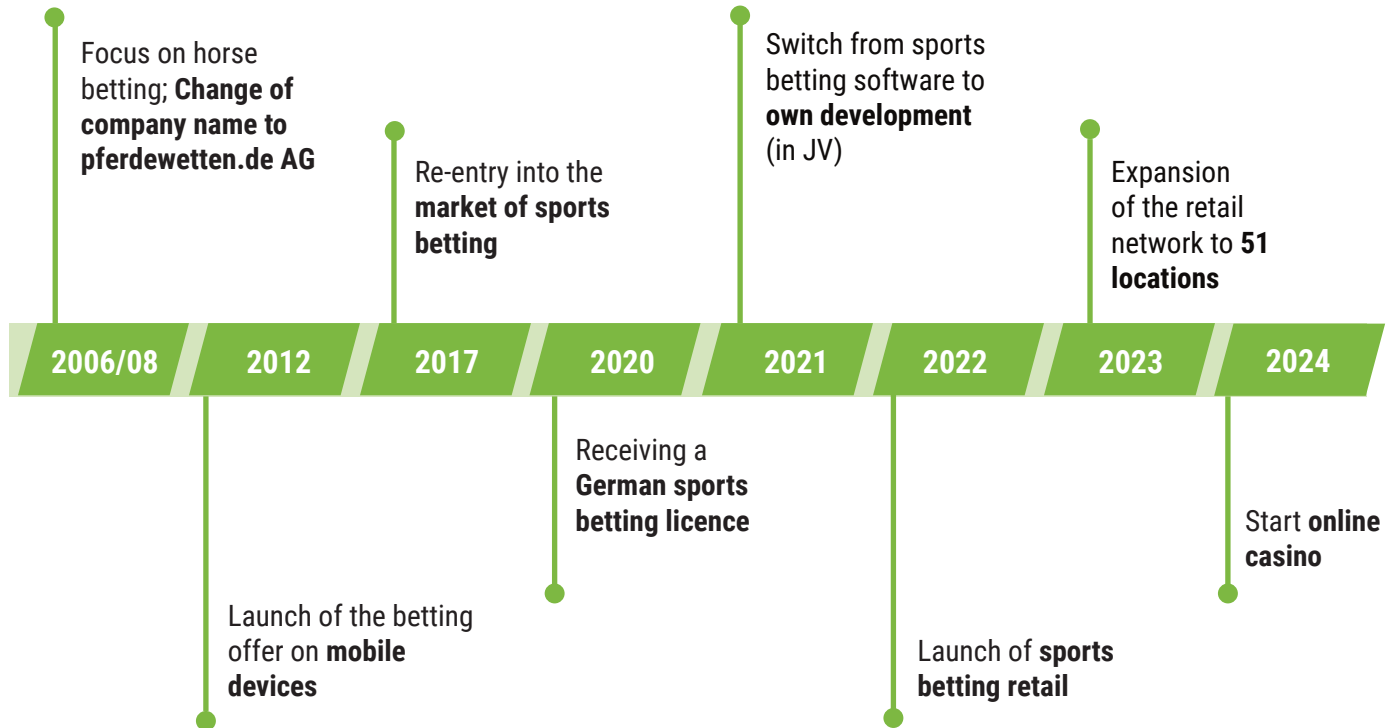
15.3

Sales growth 2022

20.5 %

RECENT COMPANY HISTORY

Foundations laid for strong growth



MANAGEMENT TEAM

The management team holds an **8.36 %** stake in the company.

High industry competence



PIERRE HOFER, CEO

- Member of the board of pferdewetten.de AG since 2010.
- In contact with horse racing since childhood, because of his family.
- First professional position as PR and Marketing Manager at the Düsseldorfer Racing Club of 1844 e.V.
- Several positions in top management in companies in the betting industry.



MARCO SUNDERBRINK, MANAGING DIRECTOR

- Commercial director of pferdewetten.de AG since 2010.
- Certified bookmaker.
- Several positions as authorised signatory, sales manager and commercial manager in the WAZ Group.

STRATEGIC FOCUS

Expansion of sports betting retail and development into an omni-channel provider

- The core business of online horse betting is **very strong** in terms of **margins** and **cash flow**. This creates the basis for targeted expansion in the other segments, especially sports betting retail.
- The expansion in sports betting retail opens up completely new **revenue** and **earnings potential** and is now following a clear roadmap.
- **Online sports betting, online casino** and **foreign expansion** are exciting growth areas, which are currently still in the start-up phase.
- The synergies and cross-sellings as an **omni-channel provider** are manifold. All the ingredients are there for a successful expansion in sports betting retail.
- The market environment offers **promising conditions** for all 3 segments + online casino.
- Due to the high initial investments, 2023 will be the last year of losses; **dynamically growing profits** are the goal.

The core business of horse betting is very strong in terms of margins and cash flow.

This creates the basis for targeted expansion in the other segments, especially sports betting retail.

KEY FIGURES 2022

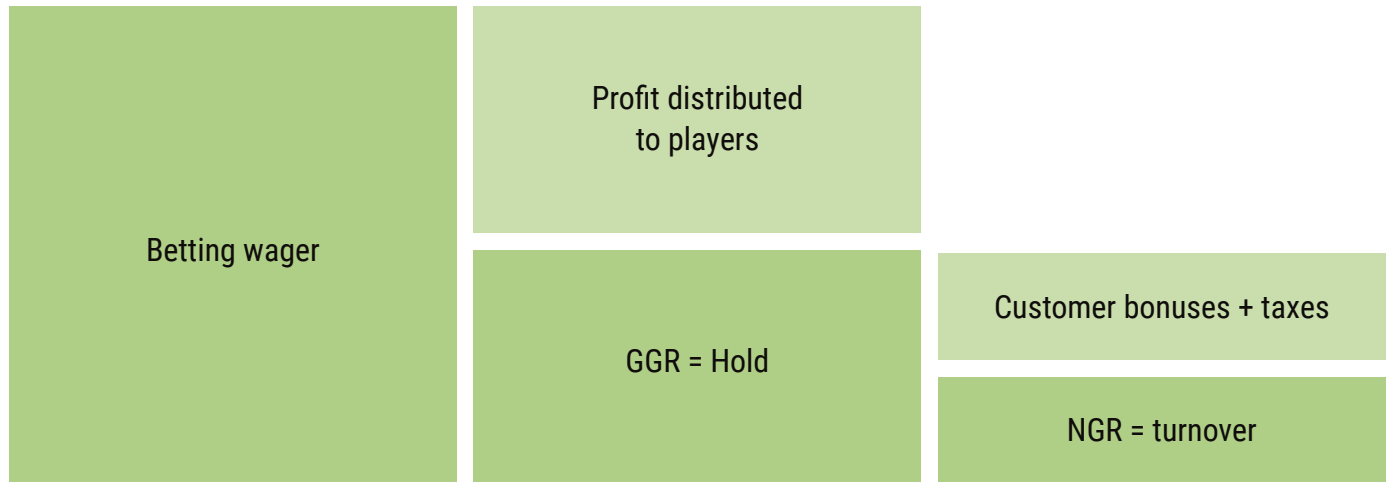
Significant increase in turnover thanks to core horse betting business

in € thousand	2022	2021	Change
Betting (game volume)	452,534	470,154	-3.7 %
GGR	41,029	40,006	2.6 %
Turnover (NGR)	15,332	12,729	20.4 %
Margin (turnover to gaming volume)	3.3 %	2.7 %	+0,6 Pkt.

- Betting significantly better than market development despite decline.
- Revenue growth significantly driven by positive development of online horse betting.
- Margin from turnover to game volume significantly improved and with further great potential.

KEY FIGURES 2022

Significant increase in turnover thanks to core horse betting business



KEY FIGURES 2022: SEGMENTS

Horse betting segment creates basis for growth investments

in € thousand	Horse betting		Sports betting online		Sports betting retail	
	2022	2021	2022	2021	2022	2021
Turnover (NGR)	14,289	12,285	785	444	258	-
Margin (turnover to gaming volume)	3 %	3 %	4 %	2 %	10 %	-
EBITDA	5,092	4,813	-3,410	-4,826	-4,207	-



Group (in € thousand)	2022	2021
Turnover (NGR)	15,332	12,729
Margin (turnover to gaming volume)	3.3 %	2.7 %
EBITDA	-2,525	-13

KEY FIGURES 2022: SEGMENTS

Horse betting segment creates basis for growth investments

- **Strong earnings** development in horse betting enables **investments** in sports betting online + retail.
- Sports betting retail 2022 marked by delays in licensing procedures.
- 2023 last loss year, **significant profit growth** planned from **2024**.

KEY FIGURES 2022: HORSE BETTING SEGMENT

Horse betting segment creates basis for growth investments

Horse betting (in € million)	2022	2021	2020	2019	2018
Game volume	429.1	441.8	477.2	435.9	295.1
GGR	38.1	38.1	40.0	43.1	21.0
Turnover (NGR)	14.3	12.3	13.6	14.3	11.6
EBITDA	5.1	4.8	5.0	6.3	5.5

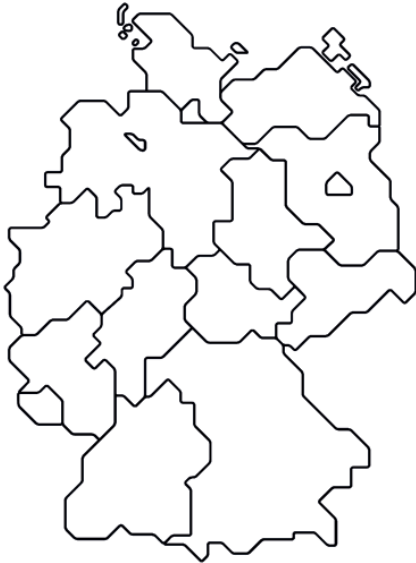
- **Excellent market position** in Germany as the foundation for **stable growth** and **high earning power**.
- **Distinct stability** in turnover and earnings.
- Playing volume 2020/2021 influenced by pandemic.

The expansion in **sports betting retail** opens up new sales and earnings potential and follows a clear roadmap.



SPORT BETTING RETAIL

Number of retail shops in Germany shows high resilience to online competition



Market trends:

- Currently around **2,700 retail shops in Germany** (DSWB estimate).
- Development of the number of shops influenced by licensing and distance; barely by online competition and pandemic effects.
- Leading competitors are **limited by regulation** (spacing rules).
- The trend in competition is towards **expansion abroad** and **conversion to own stock**.

Significant competitors in the German retail market

- Tipico: around 1,150 shops
- Tipwin: around 400 shops
- Bet3000: around 300 shops

SPORTS BETTING RETAIL

Expansion rate clearly gaining speed

Retail-Shops	31.12.22	01.23	02.23	03.23	04.23	05.23	06.23	31.12.23	31.12.24	31.12.25
Shops live	10	12	14	20	36	47	51	114	220	330

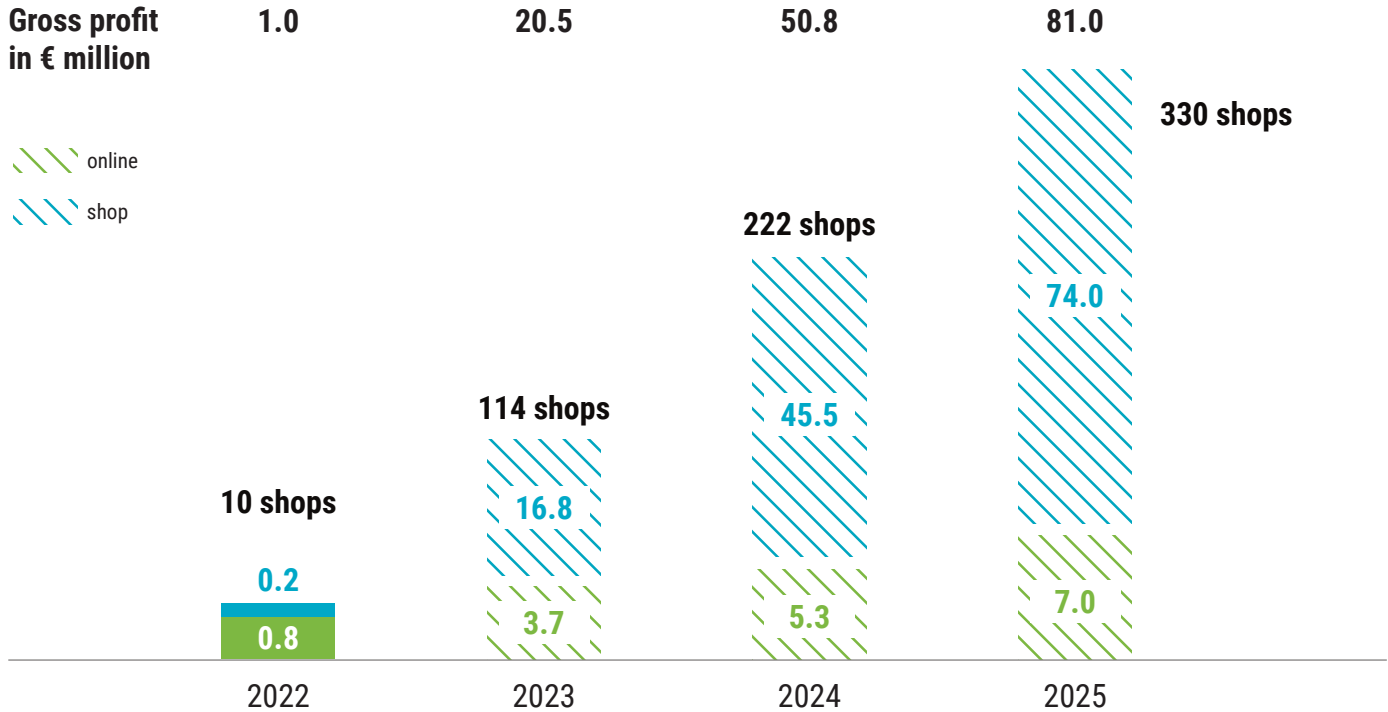
Market trends:

- Expansion with franchise and own retail shops.
- Currently **51 retail shops** "live".
- First **3 retail shops** acquired for **own portfolio** in June 2023.
- Sluggish approval procedures in 2022/2023 set back the planned expansion speed by approx. 12 months.
- **Significantly increasing momentum** since April 2023.
- For 2023, the **expansion** is on schedule.

400 retail shops should be possible in the German market for pferdewetten.de AG.

SPORTS BETTING RETAIL

Expansion with franchise and own shops opens up completely new potentials



SPORTS BETTING RETAIL

Expansion with franchise and own shops opens up completely new potentials

Motivation for getting started in sports betting retail:

- Competitive shop software.
- **Higher margins** in the shop.
- **Higher customer loyalty:**
 - Customer card for shop & online.
 - No betting limit in the shop: Attracting high rollers.
- Marketing: "The street promotes the brand."
- **Synergy effect:** Horse betting can also be rolled out in the shops.
- Additional services for third parties possible.

SPORTS BETTING RETAIL

Growth with franchise and own shops

Franchise shop (example; in € thousand)

Betting wager (year)	1,200,000
Gross profit	22.5 %
Shop turnover (NGR)	270,000
Revenue Share	20 %

Earnings
pferdewetten.de 54,000

- > **Potential** with planned 400 franchise shops: **€21.6 million.**

Own shop (example; in € thousand)

Betting wager (year)	1,200,000
Gross profit 22.5 %	270,000
Operating costs incl. Revenue Share 20 %	174,000
EBIT former operator	96,000

EBIT pw.de after takeover 150,000

- > Assumed purchase price at multiple 6 on EBIT of the former operator: €576,000.
- > **Amortisation** for pferdewetten.de **after 3.9 years.**

- > Break-even for the segment at approx. 120 retail locations.
- > For the first time in 2024 positive earnings contributions.

The online sports betting, the online casino and foreign expansion are exciting growth areas that are currently still in the start-up phase

SW-ONLINE: STATUS & MARKET TRENDS

Sports betting online will also benefit from the expansion of sports betting retail

Status:

- Re-entry 2017 with www.sportwetten.de.
- 2022 with disappointing performance at 20.9 million (2021: €28.4 million).
- Disproportionate decline compared to the market (2022: -13 %).
- Change to own company software in July 2022 (via JV)
- Indispensable building block in the further development to an omni-channel provider in sports betting.

Prospects:

- **Growth in user numbers** through increased marketing.
- Own company software (in JV) opens up **new earnings potential**.
- "Start-up" with promising medium-term prospects.
- **Growth opportunities** through stronger integration of horse betting.
- Customers of sports betting retail are to be won over for online sports betting.

- Online sports betting is predicted to have **significantly overproportionate growth rates**, especially in Germany and Austria.
- The share of **mobile betting is increasing overproportionately**.

ONLINE CASINO: STATUS & MARKET TRENDS

Online casino opens up additional medium-term growth prospects

Status:

- Own **online casino licence** since 2021.
- Launch of the online casino in 2021.
- "Start-up" with extremely promising prospects.

Market forecast for online casinos in Germany*

- Gross gaming revenue **to increase** from €2.9 billion in 2022 to around **€3.3 billion in 2024**.
- Almost 60 % of this sum (€1.9 billion) will be generated in casinos with a German licence.

User behaviour**:

- 12 % of the players play daily, 32 % usually weekly.
- Around 52 % play monthly for less than €50, 48 % are above that.
- 65 % use smartphones.
- Online advertising is an important marketing channel.
- Player protection measures with up to 81 % acceptance.
- Around 2/3 of online gamblers also use stationary offers.

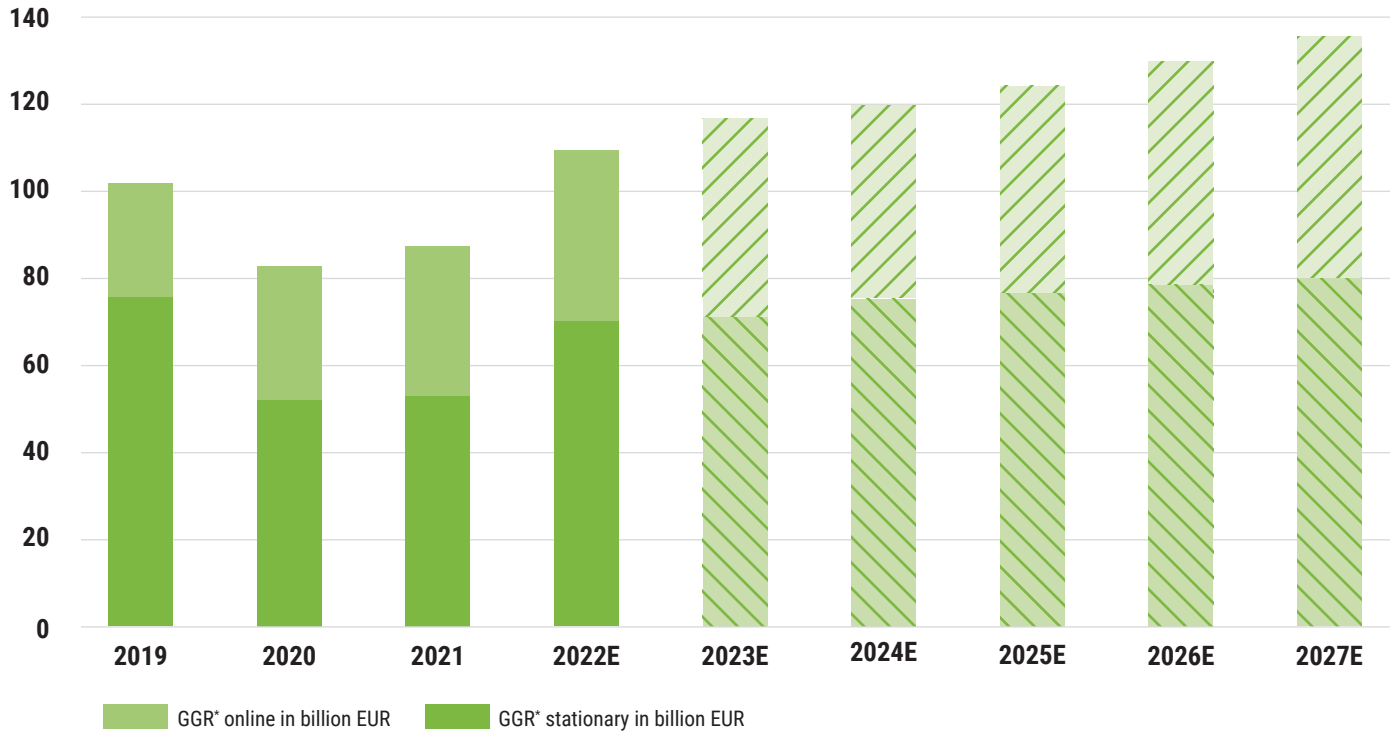
SELECTIVE FOREIGN EXPANSION

Additional growth potential in online business

- In a European market that is growing overall, **online business is increasing at an overproportionately high rate.**
- Market entry in other European countries made more difficult by restrictive access limitations.
- 2016/2017: **Market entry in Austria.**
- 2017: **Expansion of international expansion** through cooperations (already practised for many years in England).
- 2023 launched in Denmark: **first non-German-speaking foreign market** (joint venture)
> Expansion in the 2nd half of 2023.
- **International expansion** in all online activities: horse betting, sports betting online, online casino.
- "Indirect" **international market entry** via intensification of the range of services (with focus on horse betting).
- Thanks to **own company software, internationalisation of the retail & online products** is possible.

SELECTIVE FOREIGN EXPANSION

Gambling market in Europe



SELECTIVE FOREIGN EXPANSION

Convincing product as the basis for successful international expansion

Projects for the 2nd half of 2023

- > **Start in Denmark** with the JV "Jackpotbet.dk".
- > **Start as a service provider** with the brand "PLATIN/RACE" for regulated providers in Europe, Africa & Latin America.
- > Start of the **international expansion** of **sports betting retail** to **Austria** and selected **African markets**.

PLATIN/RACE

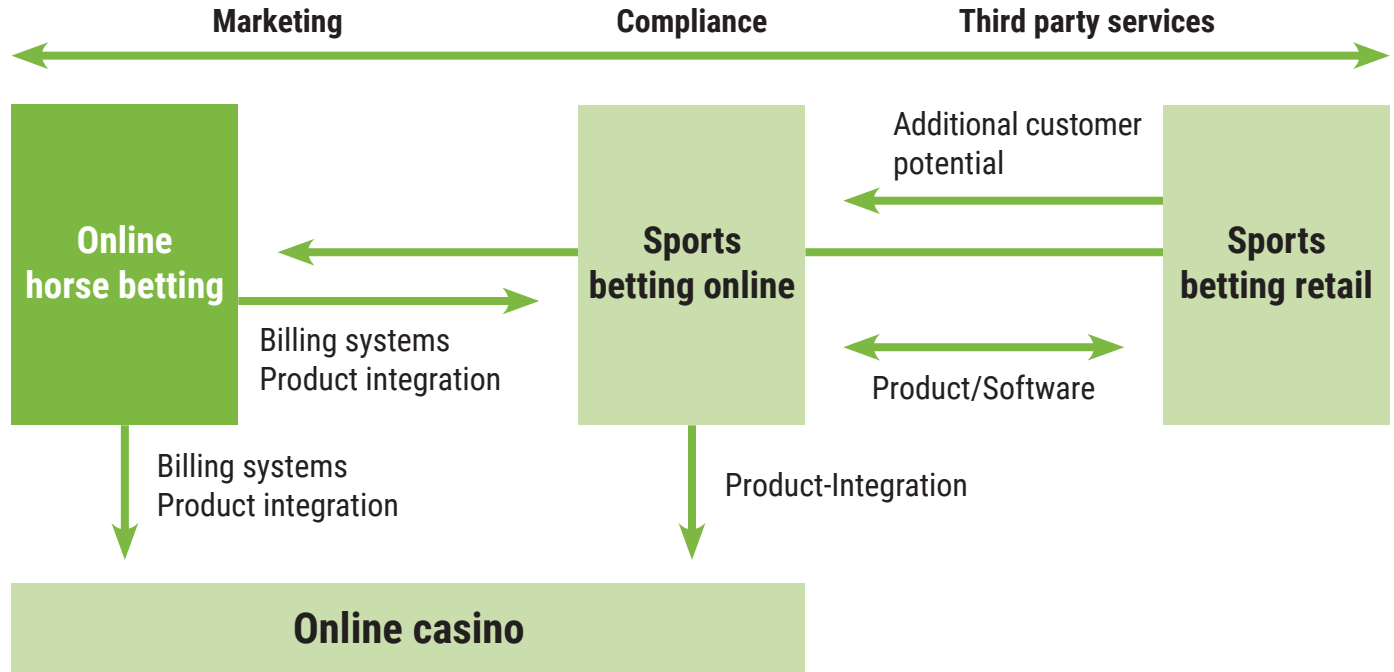
Service/product benefits:

- > 365 days with live horse and dog races.
- > >150,000 horse races annually.
- > All types of bets on offer.
- > Risk analysis based on 30 years of experience as a bookmaker and with corresponding IT support.
- > Experienced team for live trading.
- > 365 days support.
- > Interface to live streams.

**The synergies and cross-sellings as an
omni-channel provider are manifold.
All of the ingredients for a successful
expansion in the sports betting retail
are present**

POTENTIALS AS AN OMNI-CHANNEL PROVIDER

Synergies and cross-selling on different levels



COMPLIANCE & PLAYER PROTECTION

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Player protection measures:

- Monthly deposit limit
- Early detection of at-risk players
- Maximum stake
- No open jackpots
- Limitation of "fast play"
- Comparison with the "Oasis" player blacklist
- Delayed payout of cash-out winnings

Central compliance measures:

- Licensing in Germany and corresponding compliance with German legal requirements.
- Protection of minors
- Prevention of money laundering

A green-tinted image of a roulette wheel with a ball in motion, overlaid with white text. The text is centered and reads: "The market environment offers for all 3 segments + online casino promising general conditions".

**The market environment offers for all
3 segments + online casino
promising general conditions**

GAMBLING LAW IN THE CONTEXT OF THE EU

EU protects freedom of gambling

Legal basis of the EU:

- Gambling is covered by the EU freedom of movement for services and cannot be refused by member states without justification.
- Restrictions for the public good are possible.
- **This is the basis for regulations by member states.**

EU decisions:

- 2007: EU Commission criticises German State Treaty on Gaming.
- 2014: EU Commission publishes recommendation with principles for online gambling.
- 2016: ECJ decision calls for amendment of the German State Treaty on Gaming.
- 2021: German State Treaty on Gaming notified by the EU.

Different views of EU and German legislation made for an uncertain legal framework. Now step-by-step concretisation.

REQUIREMENTS FOR GAMBLING LICENCES

pferdewetten.de meets all legal requirements

Key requirements licensing:

- Disclosure of ownership and shareholding relationships.
- Demonstration of reliability and expertise.
- Company must have sufficient equity capital for sustained business activity.
- Ensure transparency to enable monitoring of the distribution network.

General provisions for the granting of permission:

- Permit of the respective federal state required.
- Player and youth protection are of central focus.
- Licensed providers deliver quarterly selected data for evaluation to the responsible authority.
- Ensure high money laundering standards.

pferdewetten.de AG with highest compliance and youth protection standards

DEVELOPMENT OF THE REGULATORY FRAMEWORK

pferdewetten.de in strong position with German licences for all activities

Germany

- 2010** Rejection of the German State Treaty on Gaming by the EU (from 2007).
- 2012** Amendment of the German State Treaty on Gaming and thus the first step towards a binding legal framework for internet betting.
- 2017** States sign draft of the Second State Treaty on Gaming.
- 2021** Legal framework and possibility for online slot machine games and online poker.

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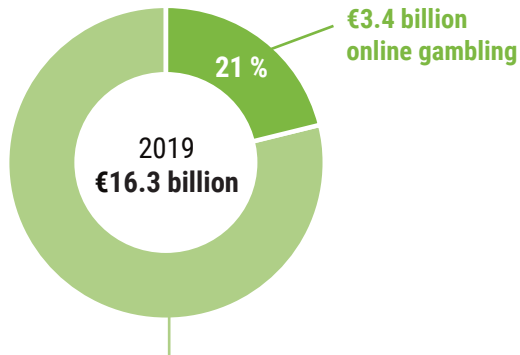
- 2012** First application for a licence to organise and the brokering of horse betting on the internet.
- 2014** Renewed licence application.
- 2015** Basic permission for horse betting on the internet (no licence).
- 2017** Licence granted.
- 2021** Licence according to the German State Treaty on Gaming.

pferdewetten.de AG is engaged in a constructive exchange with the regulators and supports consistent legal requirements

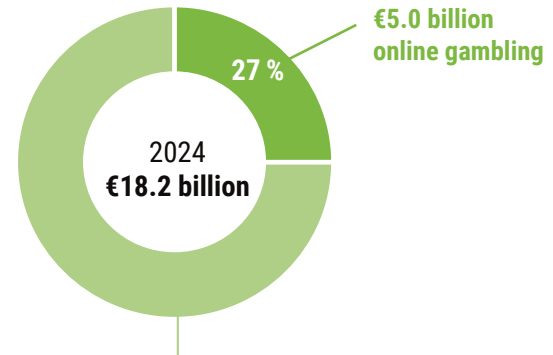
MARKET TRENDS

Further growth in the gaming market*

- German gaming market expected to continue **to grow at 6.5 % annually to €18.2 billion in 2024.**
- Impulses for **further growth** from several areas:
 - Market opening and regulation for online casino.
 - Betting within the gambling market with highest expected growth rates.



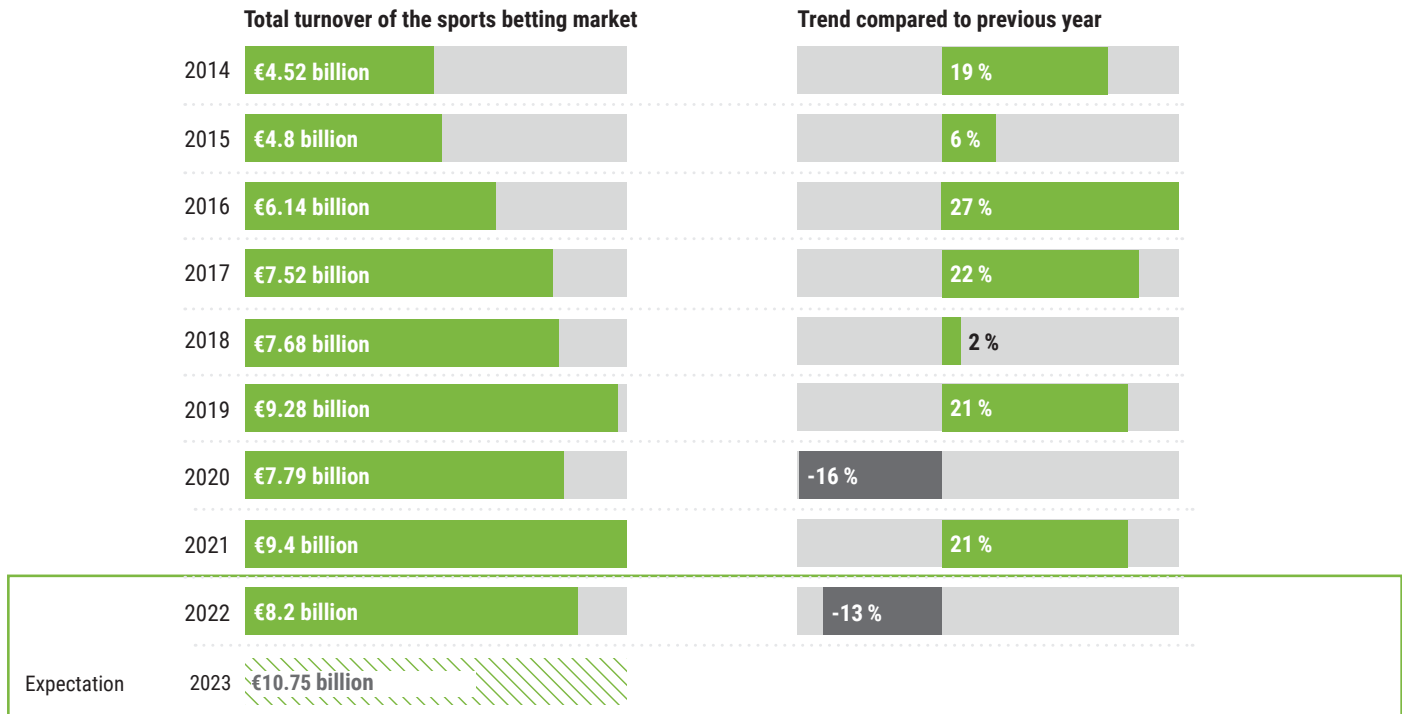
€12.8 billion stationary gambling 79 %



€13.2 billion stationary gambling 73 %

DEVELOPMENT BETTING STAKES SPORTS BETTING

Germany 2014-2021 (online and stationary)



DEVELOPMENT BETTING STAKES SPORTS BETTING

Significant growth expected again in 2022 after setback

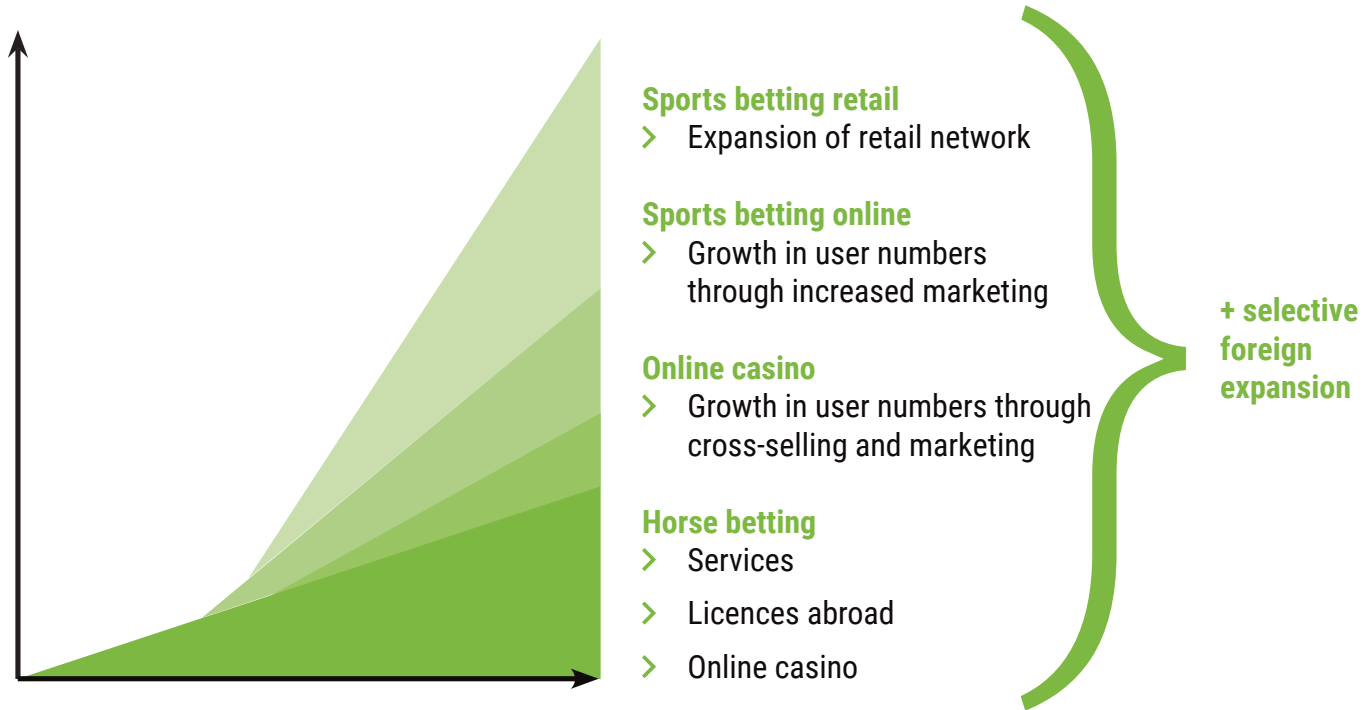
- Decline of 13 % in the sports betting market in 2022.
- Significant recovery to **new record value** expected in 2023.
- Betting by far the most **dynamic growth** in the gambling market forecast until 2024 (CAGR of 17.3 % vs. market growth of 6.5 %)*.
- Market growth driven by private betting companies; state providers (e.g. Oddset) stagnating*.

**2023 will be the last year of losses due to
the high initial investments;**

**from 2024 onwards, dynamically growing
profits are the goal.**

GROWTH STRATEGY

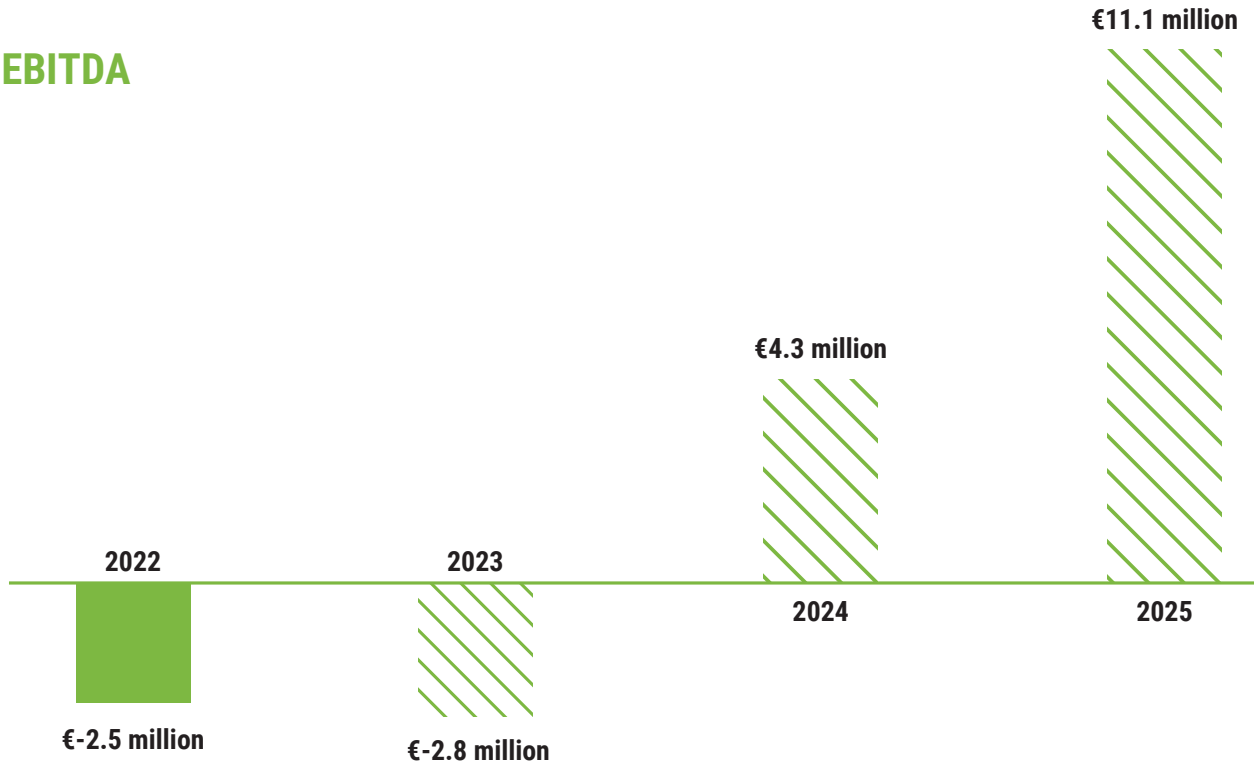
Clear growth prospects in all segments



PROGNOSIS

Sustainable and dynamically growing profits as of 2024

EBITDA



PROGNOSIS

Sustainable and dynamically growing profits as of 2024

- **2023 growth of approx. 40 %** or gross gaming revenues of €50.0 to 65.0 million after €41.2 million in 2022.
- **Revenues to increase** by a low double-digit percentage in 2023.
- 2023 to be the last year of losses; EBITDA for 2023 in the range of €-2.3 to -3.3 million.
- The planned investments in the area of sports betting (online and retail) and further marketing activities in the foreign horse betting business will be noticeably reflected in the related expenses as planned.
- Horse betting and sports betting retail will contribute equally to the **positive earnings development** from **2024** onwards.
- **Sports betting retail** with the **highest earnings momentum** later on.

Key financial figures & KPIs



KEY FINANCIAL FIGURES Q1/2023: GROUP BALANCE SHEET

in € thousand	31.03.2023	31.12.2022	31.12.2021
Balance sheet total	39,628	35,736	34,234
Liquid assets*	13,062	11,466	13,801
Equity	16,895	18,966	16,373
Equity ratio	42.6 %	53.1 %	47.8 %

*incl. securities available for sale in the short term

FINANCIALS Q1/2023: REVENUE

in € thousand	Q1 2023	Q1 2022	2022	2021
Gaming volume	110,229	104.220	452,534	470,154
GGR*	11,741	9,522	41,029	10,006
Sports betting online	428	688	2,350	1,896
Sports betting retail	707	–	596	–
Horse betting	10,606	8,834	38,084	38,110
Revenue (NGR)*	4,875	4,955	15,332	12,729
Sport betting online	188	275	785	444
Sport betting retail	55	–	258	–
Horse betting	4,632	4,681	14,289	12,285

FINANCIALS Q1/2023: EARNINGS

in € thousand	Q1 2023	Q1 2022	2022	2021
EBITDA	-1,022	888	-2,525	-13
Sports betting online	-555	-1,179	-3,410	-4,826
Sports betting retail	-2,109	-	-	-
Horse betting	1,642	2,067	5,092	4,813
EBIT	-1,356	730	-3,548	-588
Sport betting online	-557	-1,179	-3,417	-4,833
Sport betting retail	-2,285	-	-	-
Horse betting	1,487	909	4,479	4,245
Group profit	-1,737	293	-2,493	-157

FINANCIALS Q1/2023: CASHFLOW

in € thousand	Q1 2023	2022	2021
Cash flow from operating activities	-3,164	-2,118	2,346
Cash flow from investing activities	-136	-4,956	251
Cash flow from financing activities	4,899	4,738	-1,154
Cash funds at the end of the period	13,058	11,460	13,797

- 2023 placement of the 7.5 % convertible bond 23/28 with a total volume of €8.0 million (thereof €5.0 million in Q1 and €3.0 million in Q2).
- 2022 Successful implementation of a cash capital increase and gross cash inflow of €5.1 million.

KPIS Q1/2023

	Q1 2023	Q1 2022	2022	2021
Margin (NGR/turnover to gaming volume)				
Sport betting online	6 %	4 %	4 %	2 %
Sport betting retail	2 %	–	10 %	–
Horse betting	4 %	5 %	3 %	3 %
Active shops	20	–	10	–

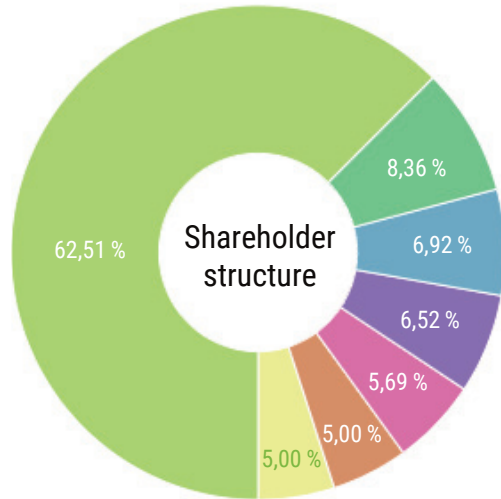
KPIs: CAPEX

in € thousand	2022	2021	2020
Capex	4.5	2.6	0.9

- Investments 2023 have so far amounted to €0.5 million in the first quarter. Investments will focus on the second and third quarters.
- In addition, around €5 million in expenses with strong investment characteristics occurred between 2020 and 2022. (For example for IT, legal advice/licences).
- For the period from 2023 to 2025, investments are expected to increase again, in particular due to the significant increase in the number of retail locations.

SHARE & CONVERTIBLE BOND

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- > Share – ISIN: DE000A2YN777
- > Trading volume share/day (12 months):
 - 1,715 shares
 - €20,683
- > Montega: Buy, target price €19 (May 23)
- > Warburg: Buy, target price €15 (May 23)
- > Number of shares: 4,836,418
- > Market capitalisation (16.6.23): €52.58 million
- > 7.5 % convertible bond 23/28 (ISIN: DE-000A30V8X3) with a volume of €8 million

FINANCIAL CALENDAR

Voluntary Quarterly Reports & more Capital Market Conferences

15.08.2023 Publication of half-year financial statements

23.08.2023 Annual General Meeting

24.08.2023 HIT - Hamburg Investors' Day

14.11.2023 Publication of Quarterly Financial Report (Q3)

15.11.2023 MKK - Munich Capital Market Conference

28.11.2023 German Equity Forum

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