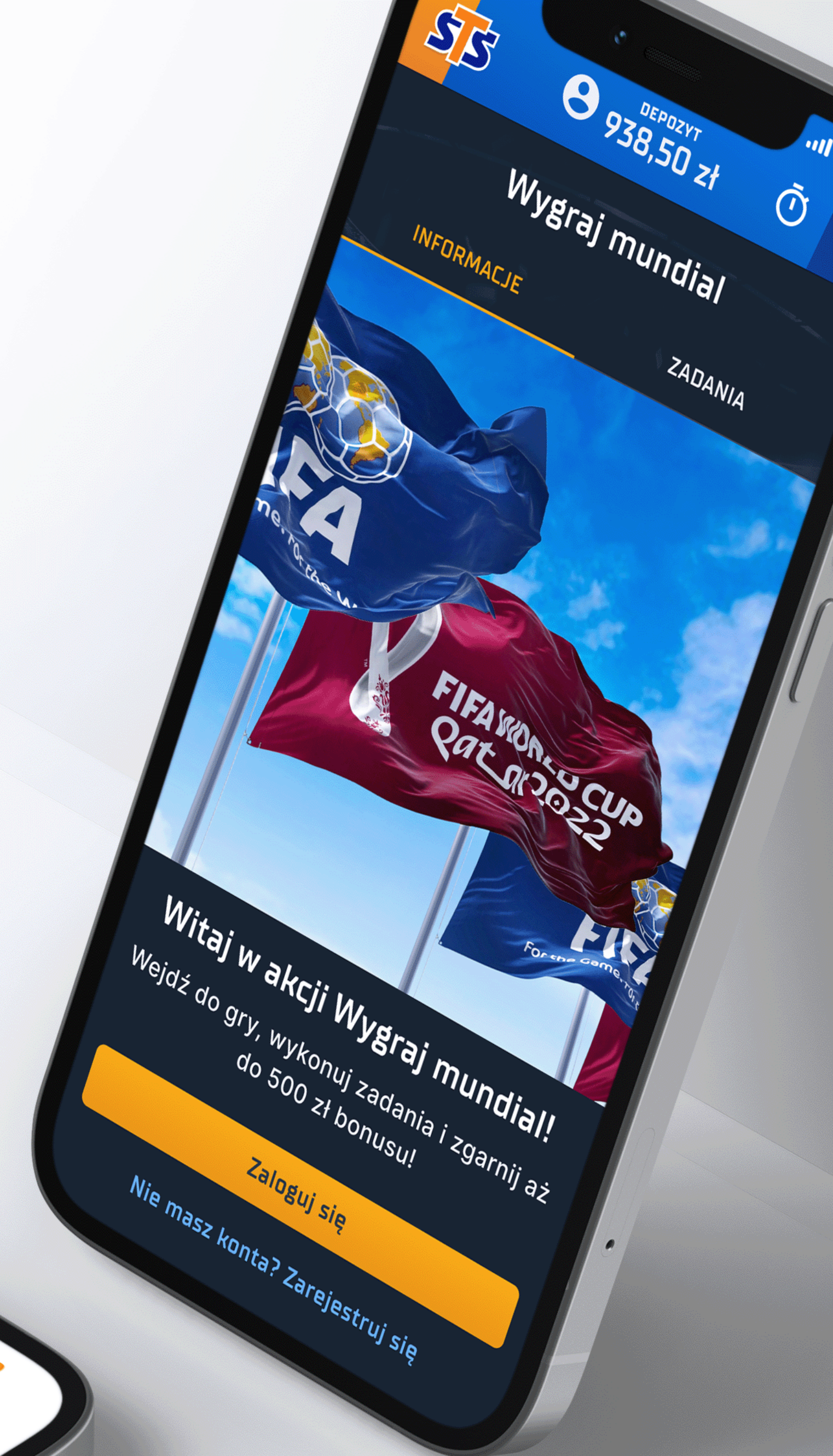
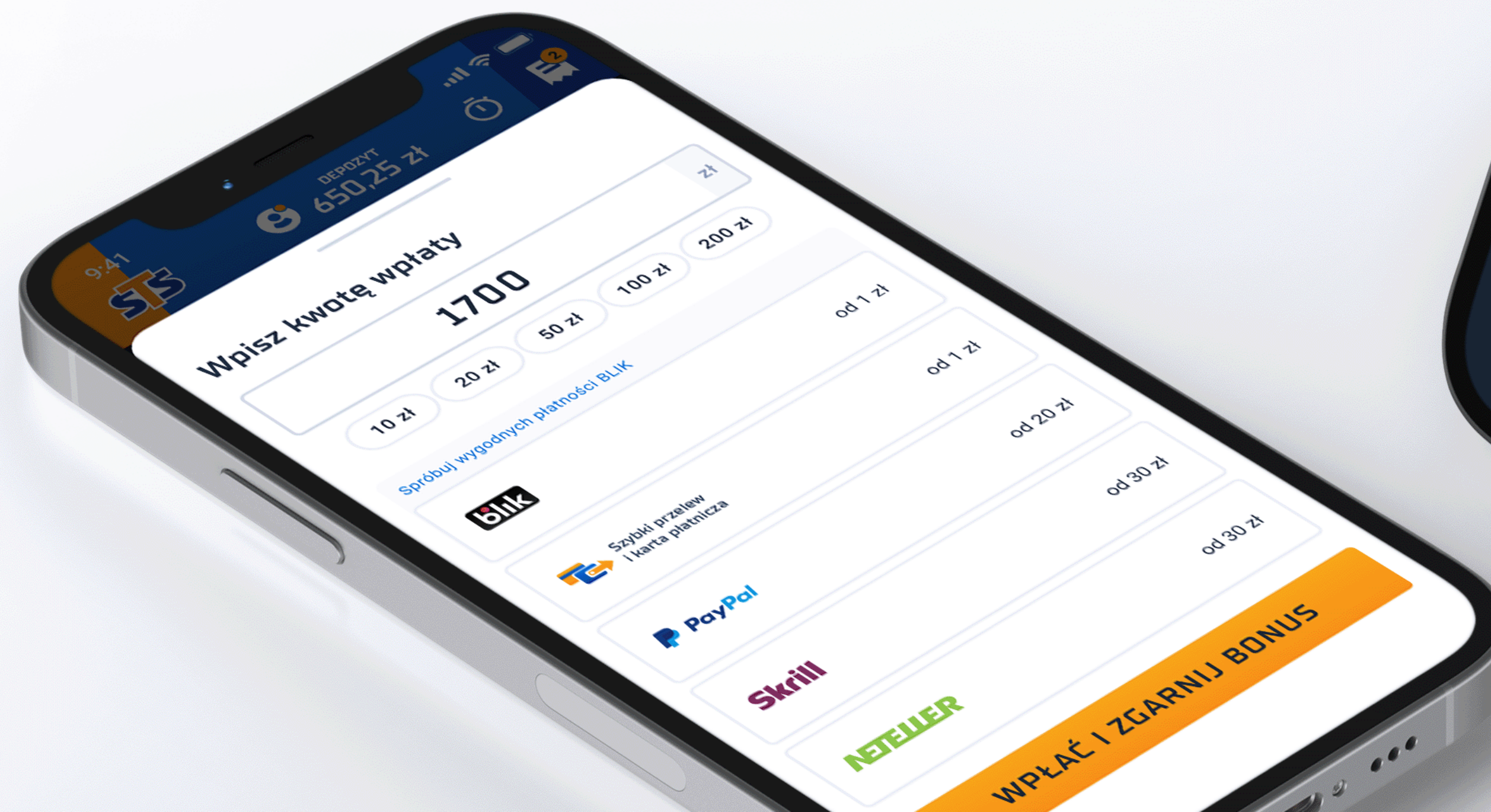




Q1-Q3 2022 Results

November 2022

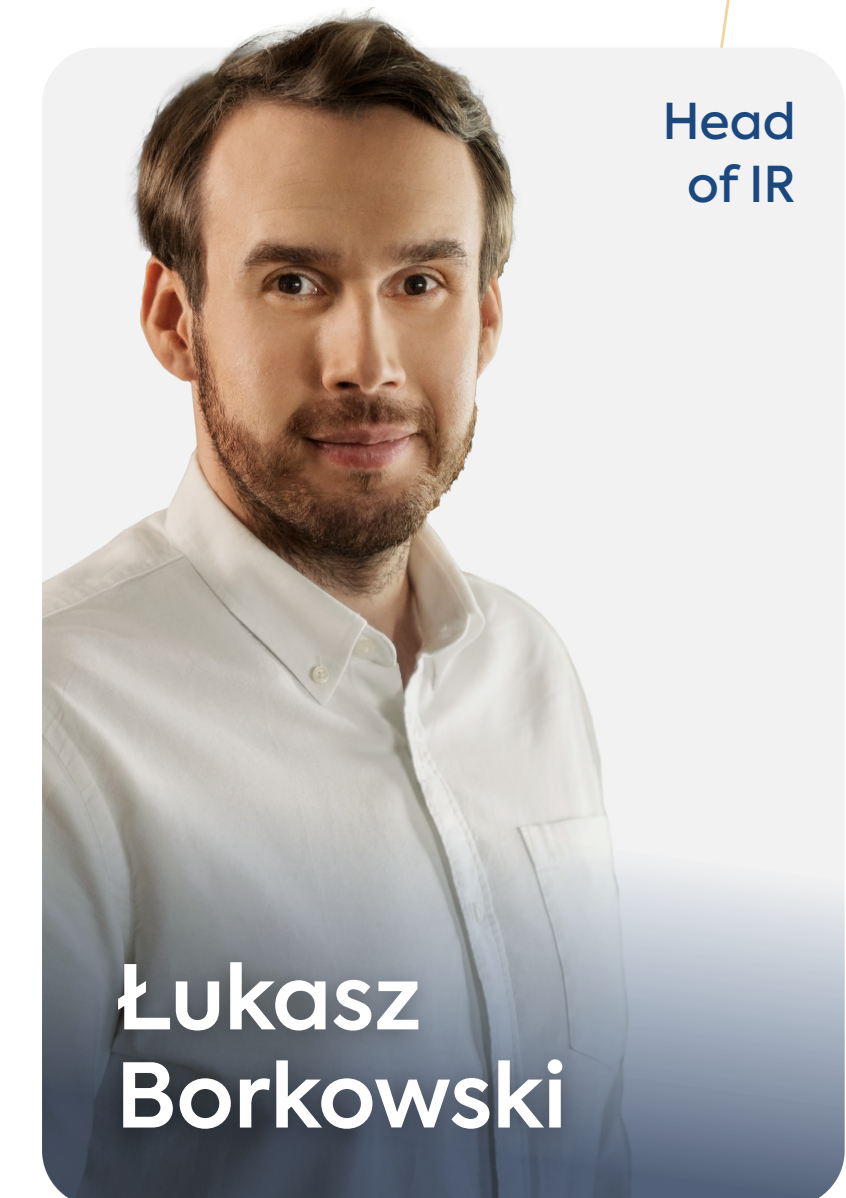
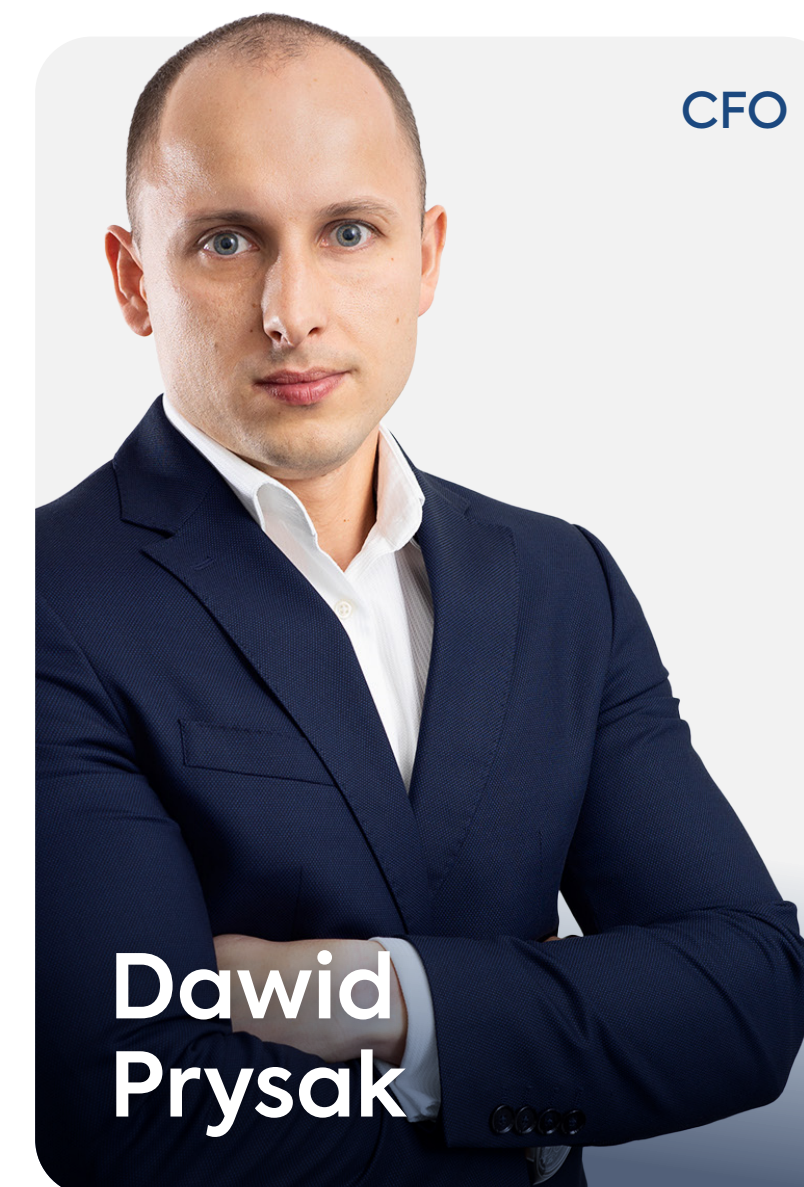
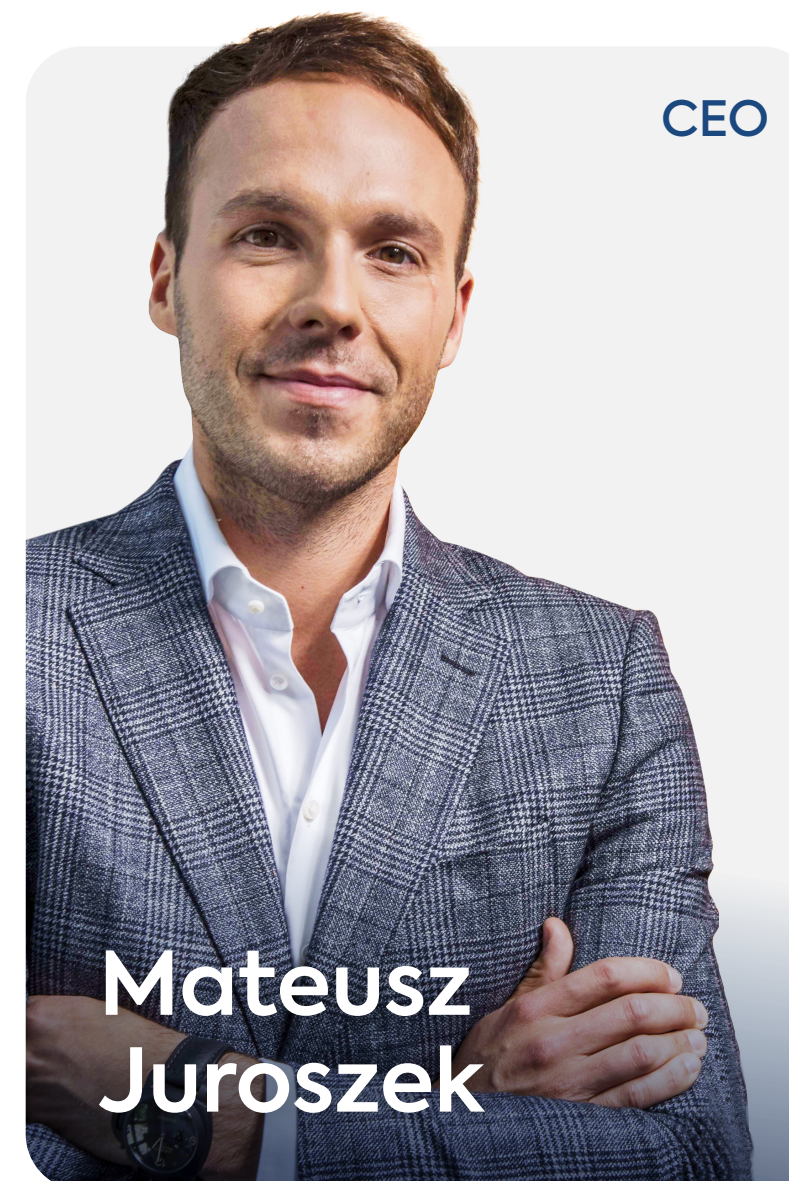
www.stsholding.pl



Agenda

01. Business update
Q1-Q3 2022
02. Financial update
Q1-Q3 2022
03. Q&A
04. Appendix

Today's Presenters



Q1-Q3 2022 Summary

Outstanding business profile

PLN 832m
GGR

PLN 463m
NGR

40,9%
EBITDA margin*

Best customer reach and product

PLN 3.300bn
Amounts staked

1.757m
Registered players

81,5%
Online NGR



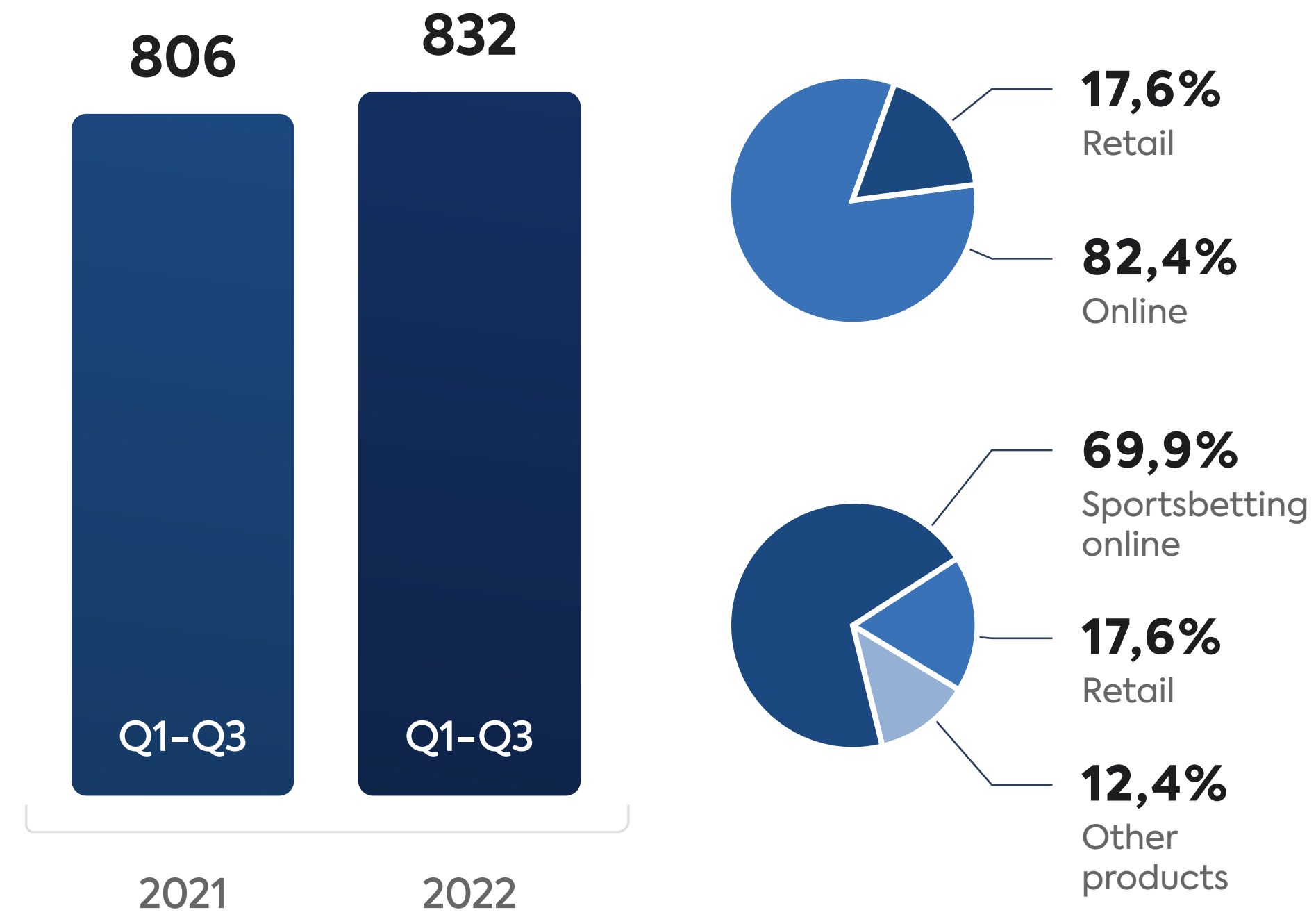
STS HOLDING

Business update Q1-Q3 2022



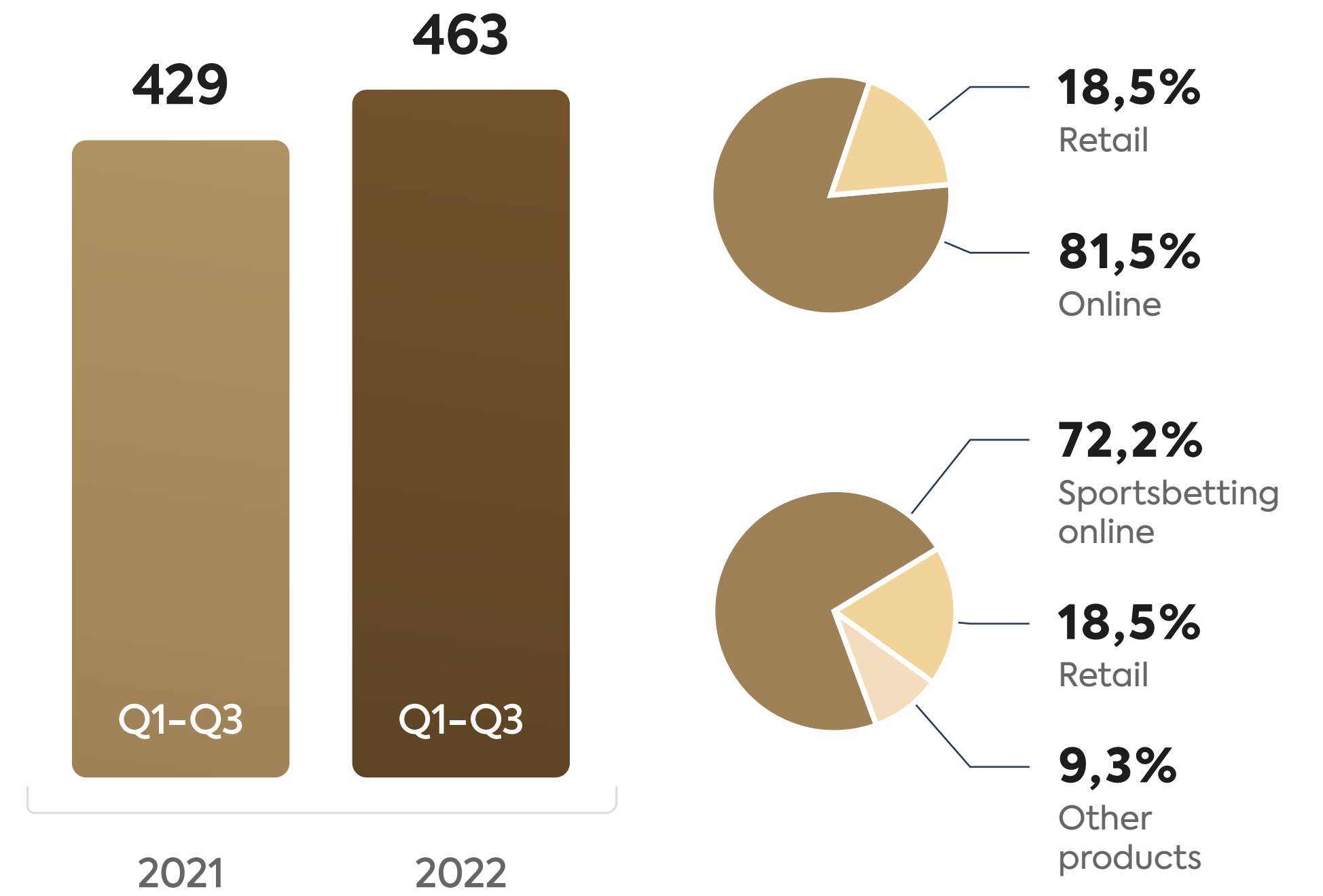
GGR

PLN, m



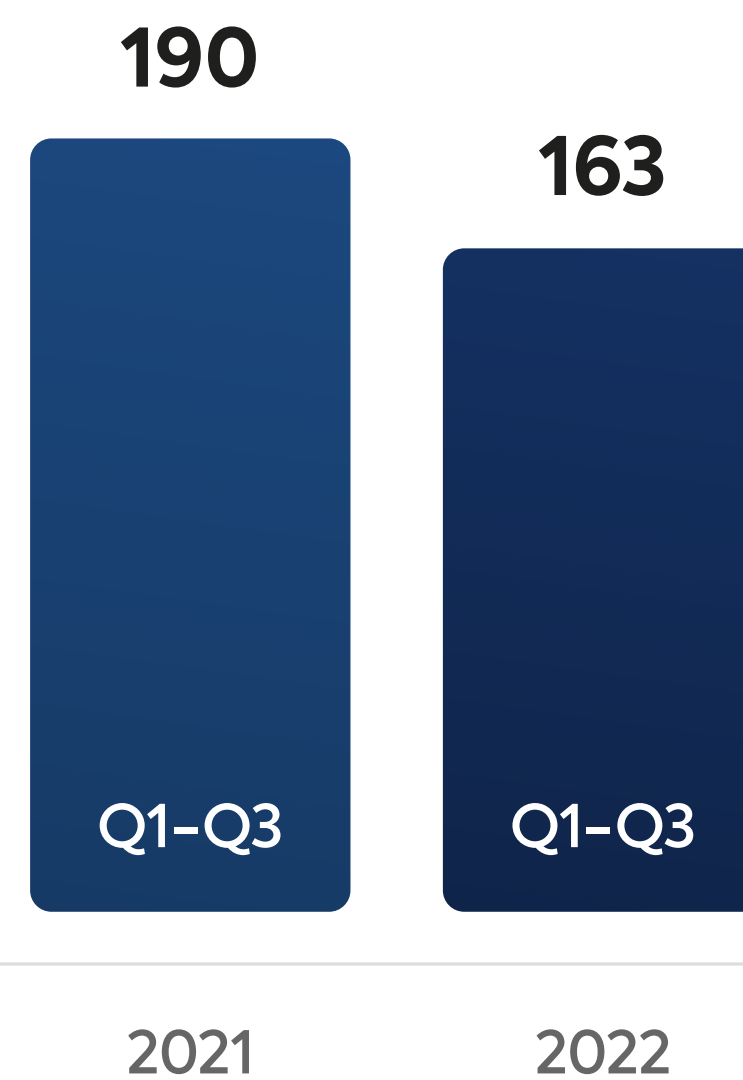
NGR

PLN, m

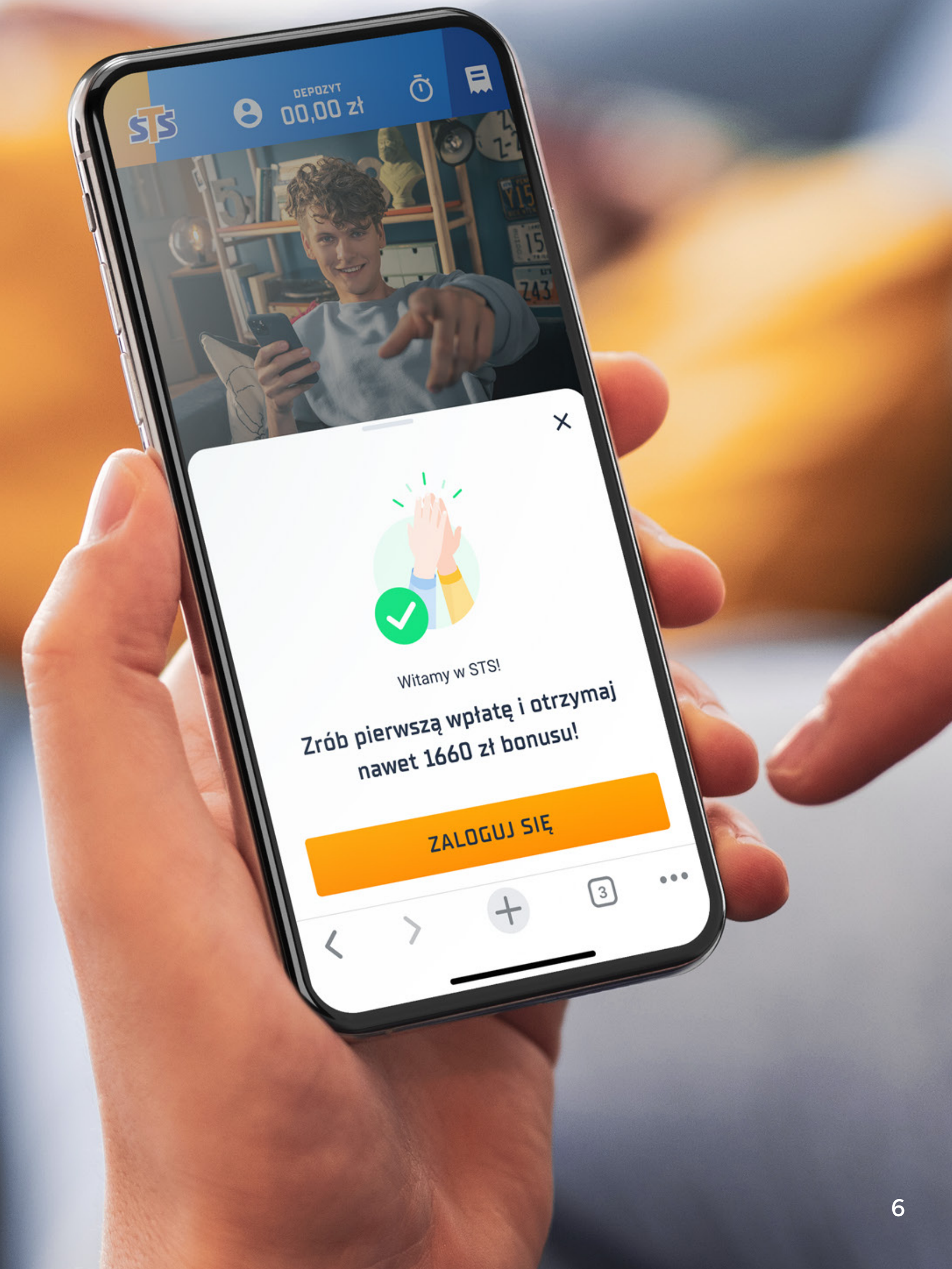
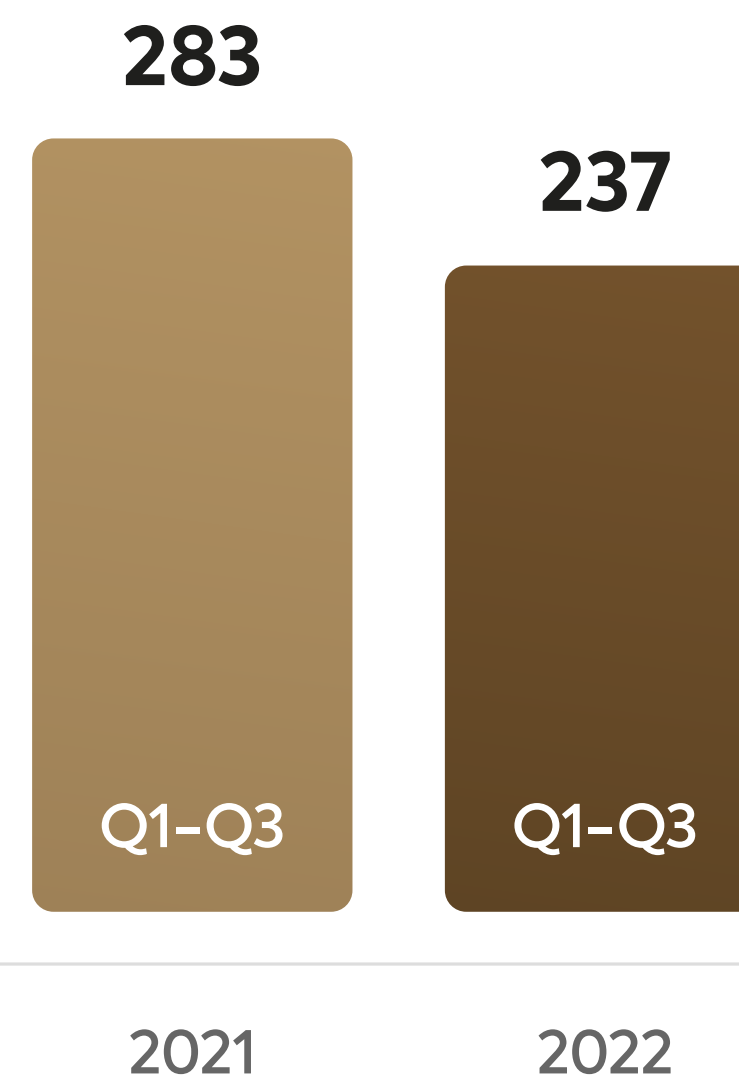


Operating data

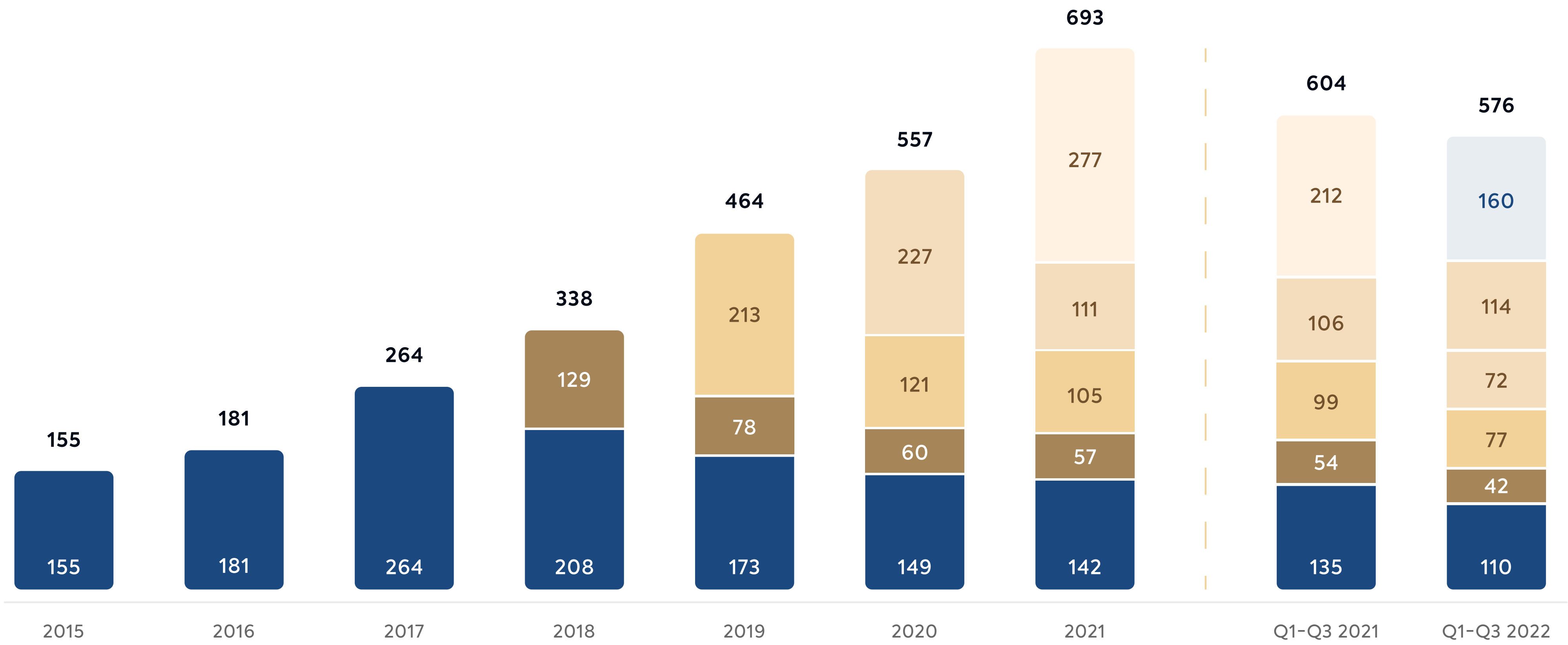
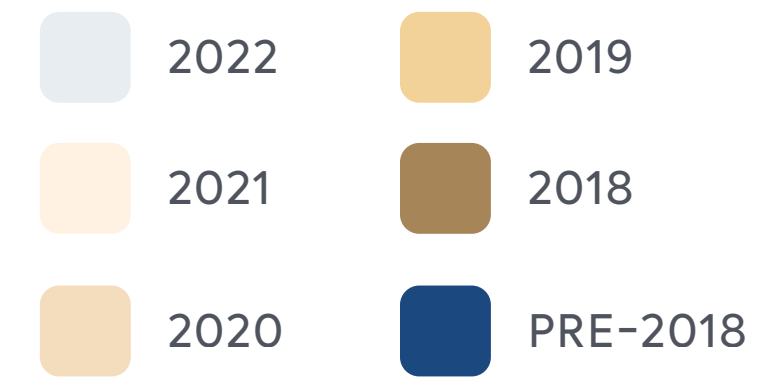
First-time deposit (k)



New registrations (k)



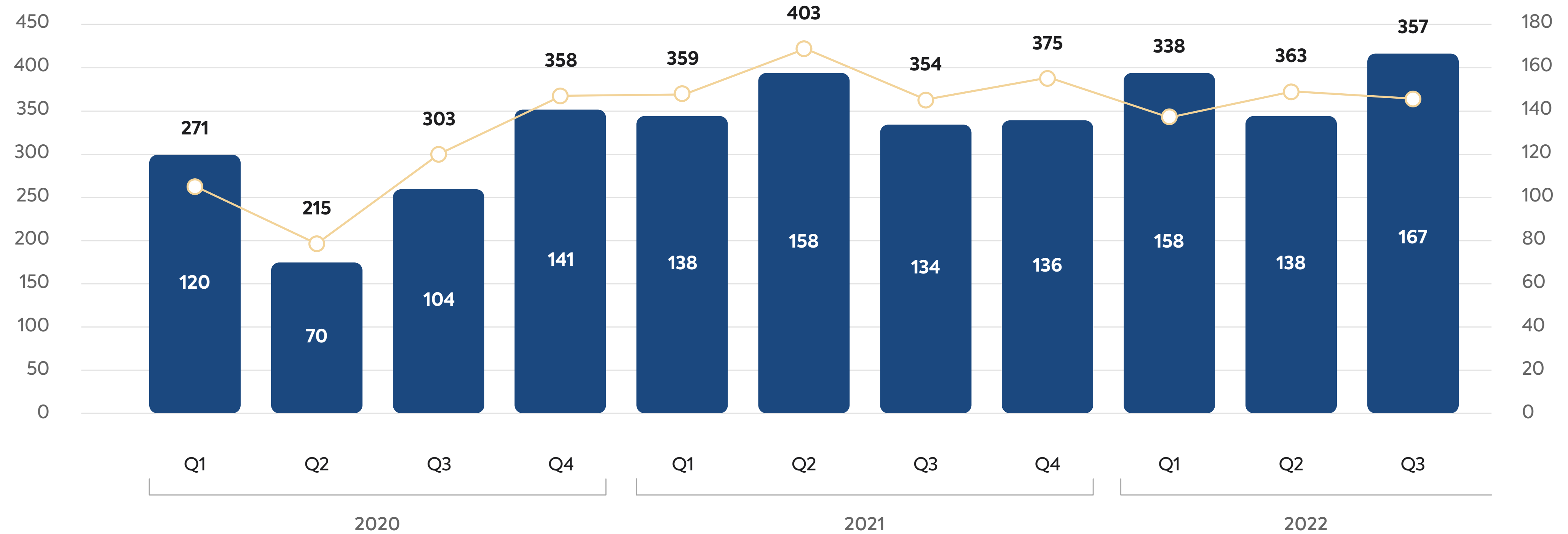
Active users (k), by year of acquisition



NGR vs. number of active players

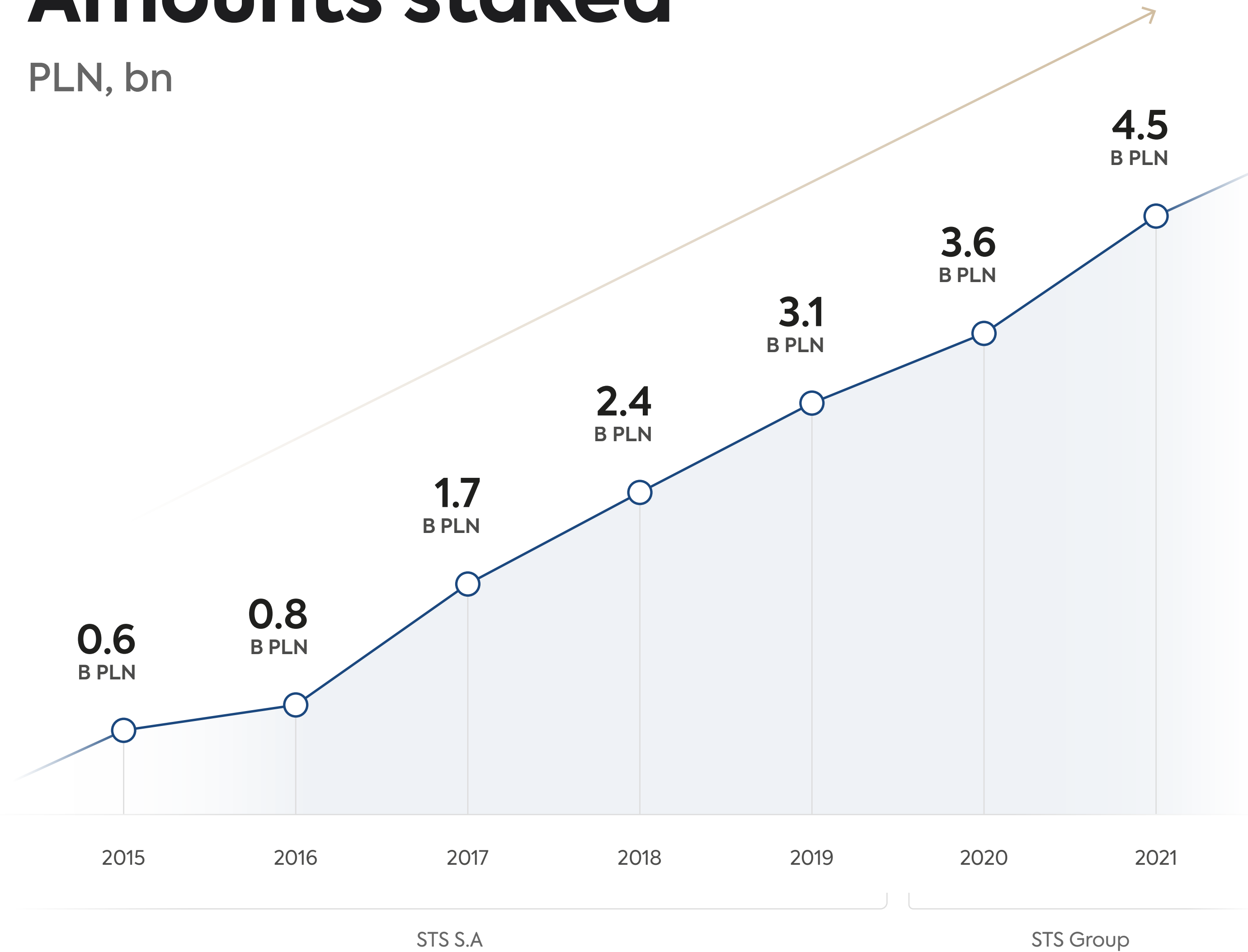
Quarterly NGR and online active users (Q1 2020 – Q2 2022)

■ NGR (PLN M)
 ■ ONLINE ACTIVE PLAYERS (K)



Amounts staked

PLN, bn



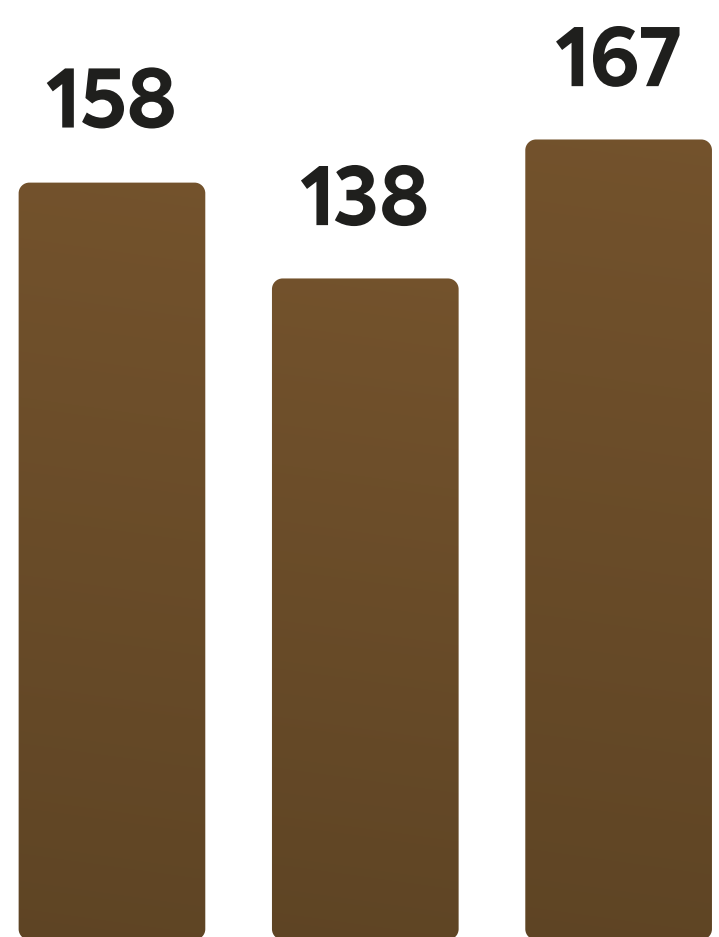
Q1-Q3 2022 Summary

Amounts staked



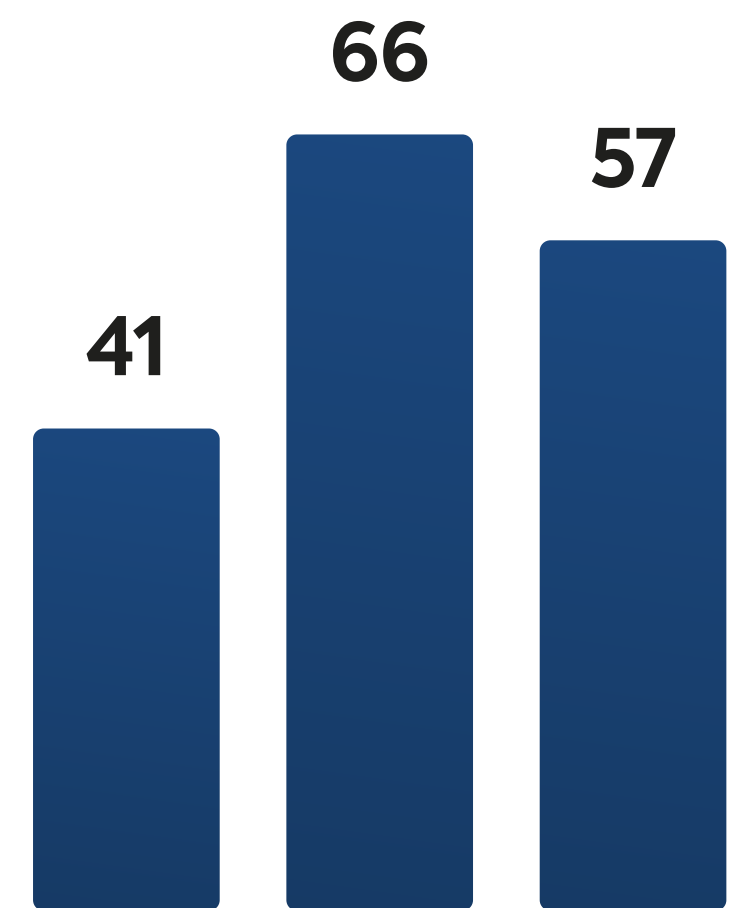
Q1 2022 Q2 2022 Q3 2022

NGR



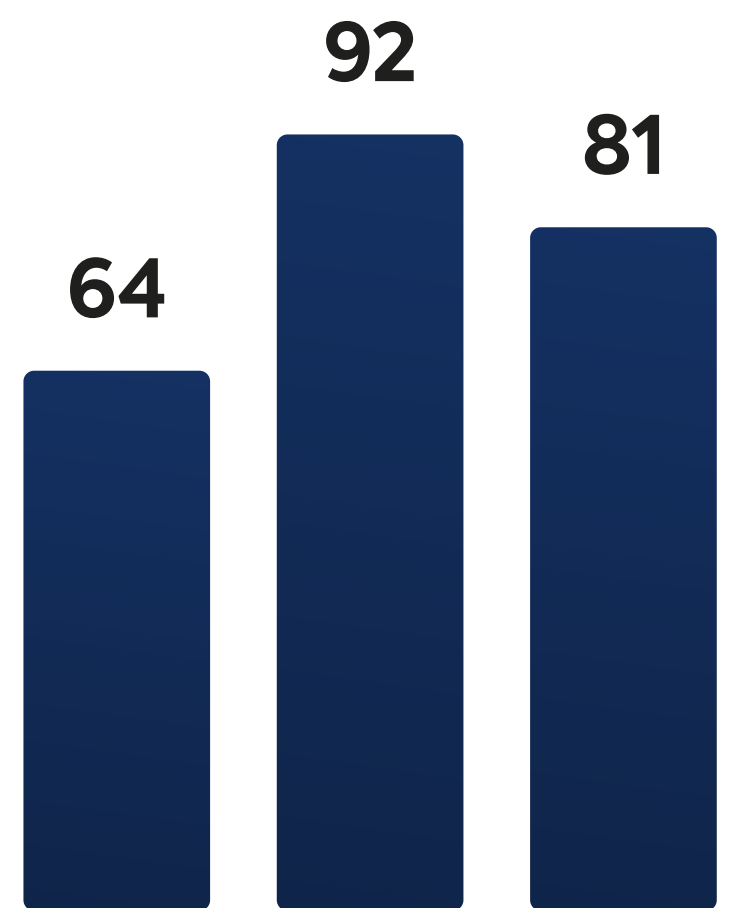
Q1 2022 Q2 2022 Q3 2022

First-time deposit (k)



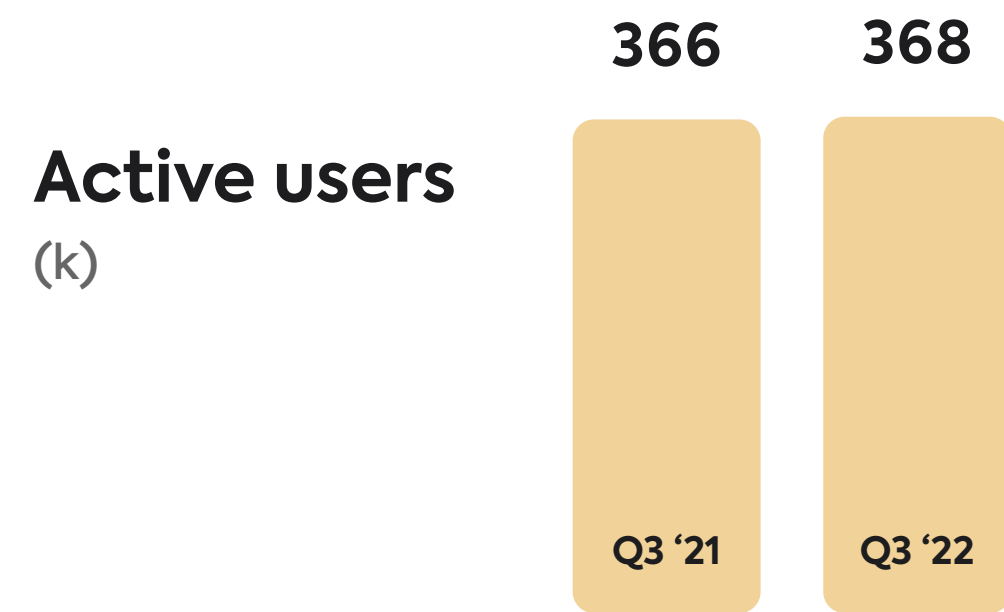
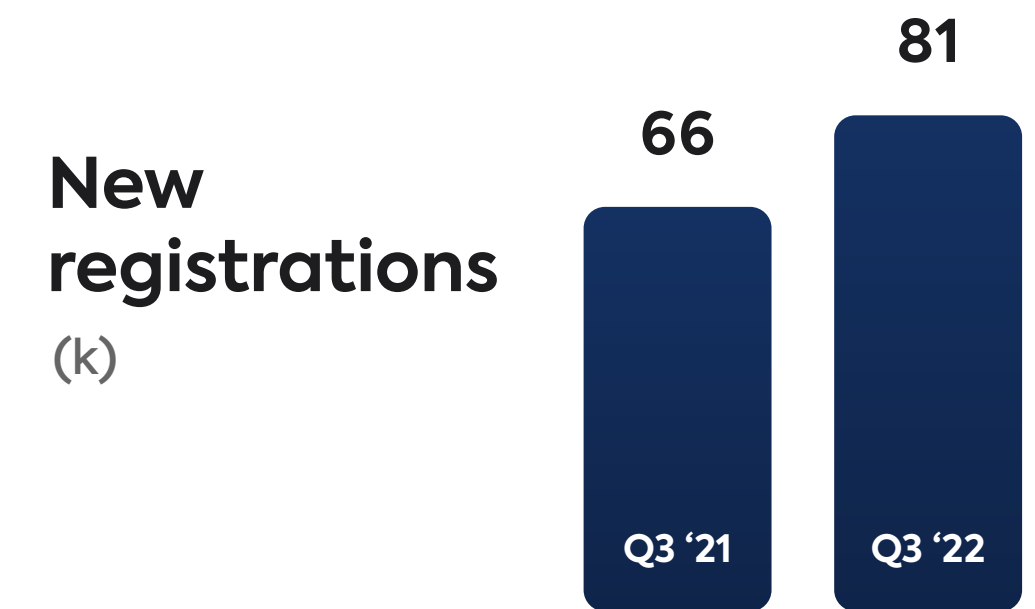
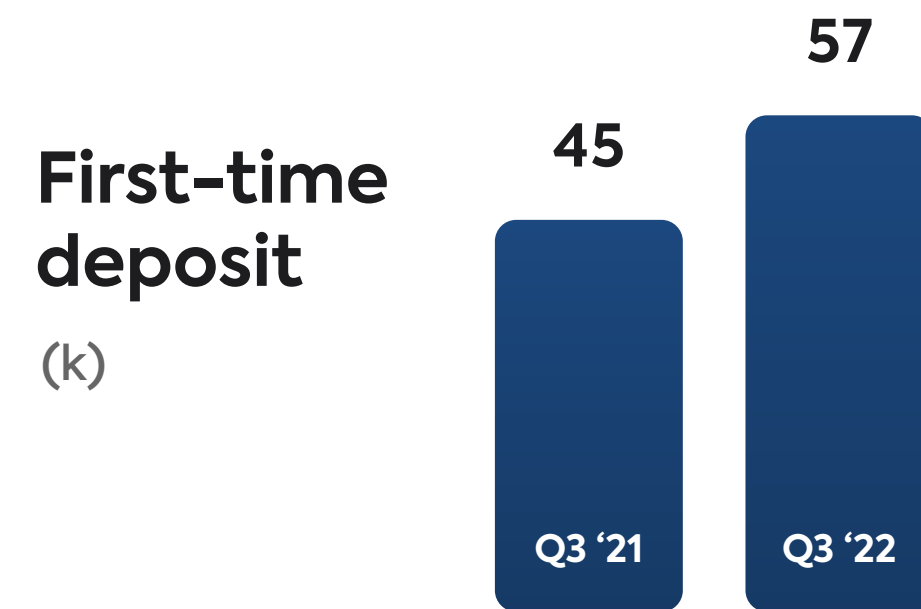
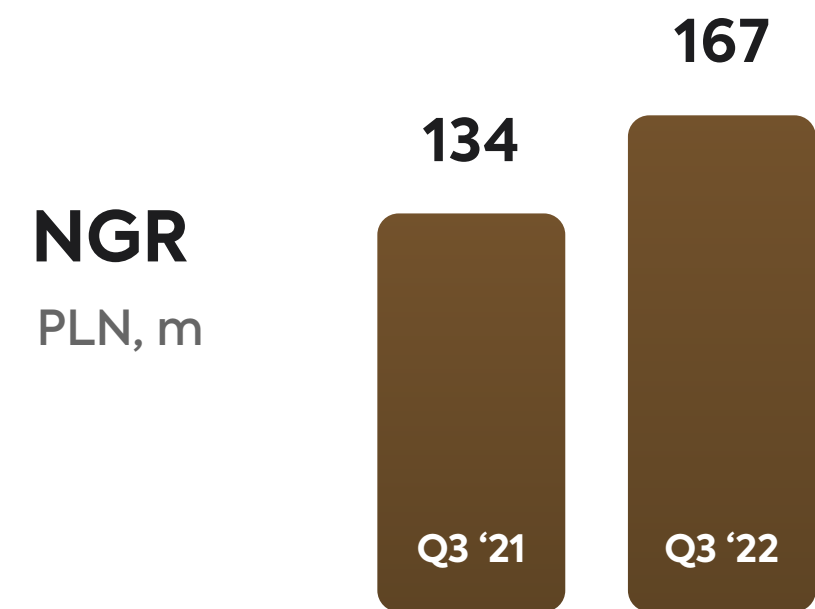
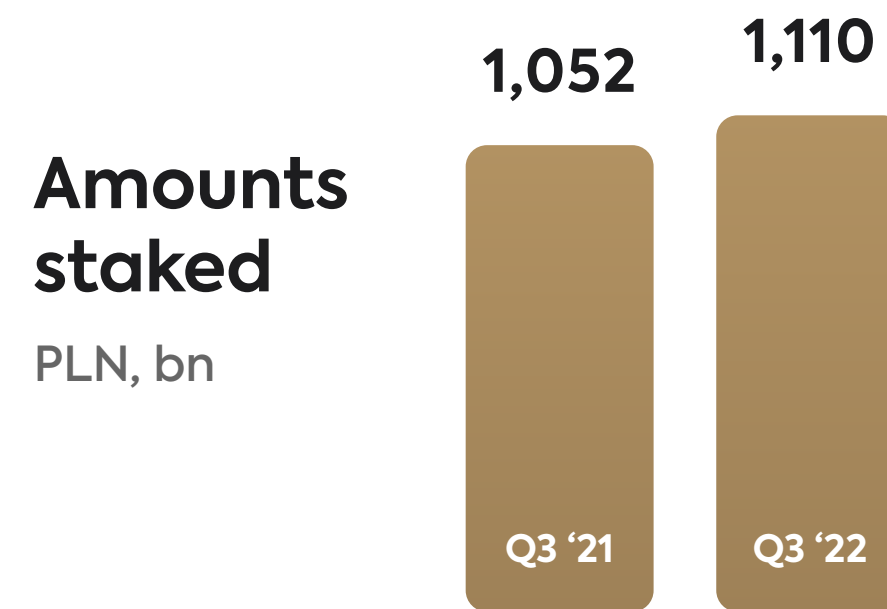
Q1 2022 Q2 2022 Q3 2022

New registration (k)



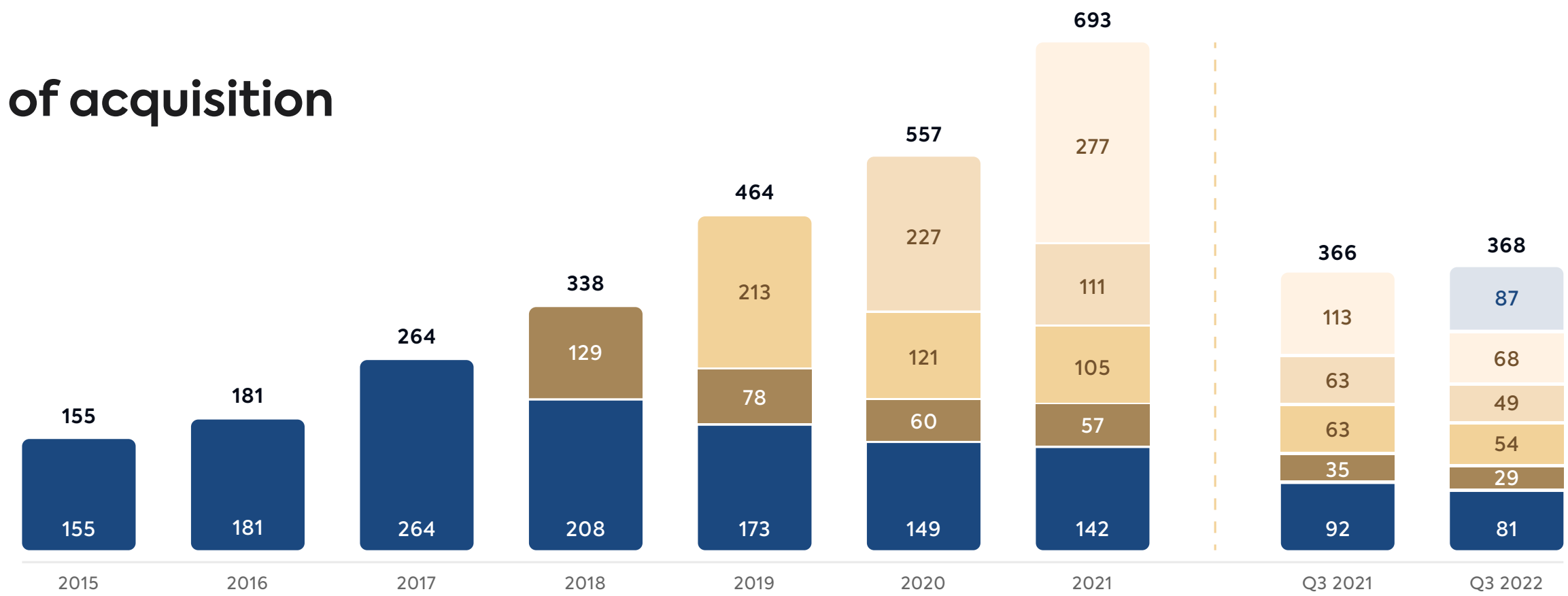
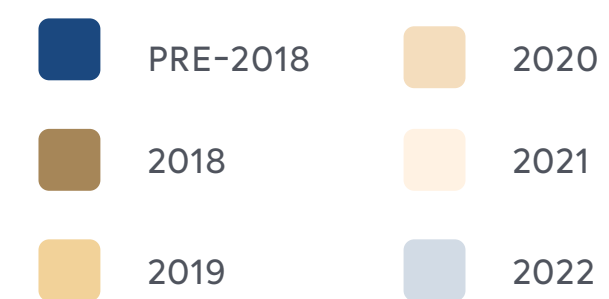
Q1 2022 Q2 2022 Q3 2022

Q3 2022 Summary



Active users, by year of acquisition

(k)



What's new

Agreement with Future Anthem

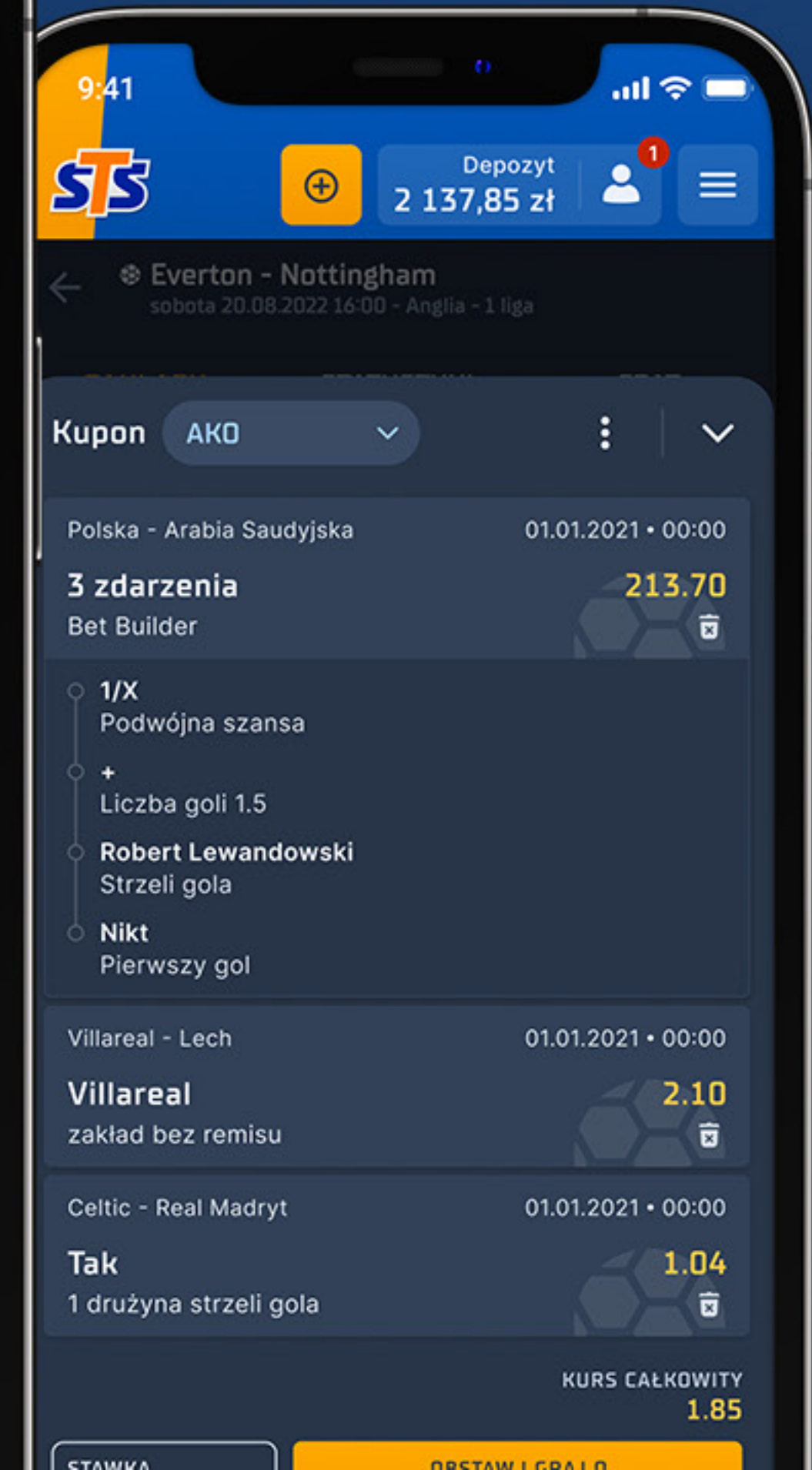
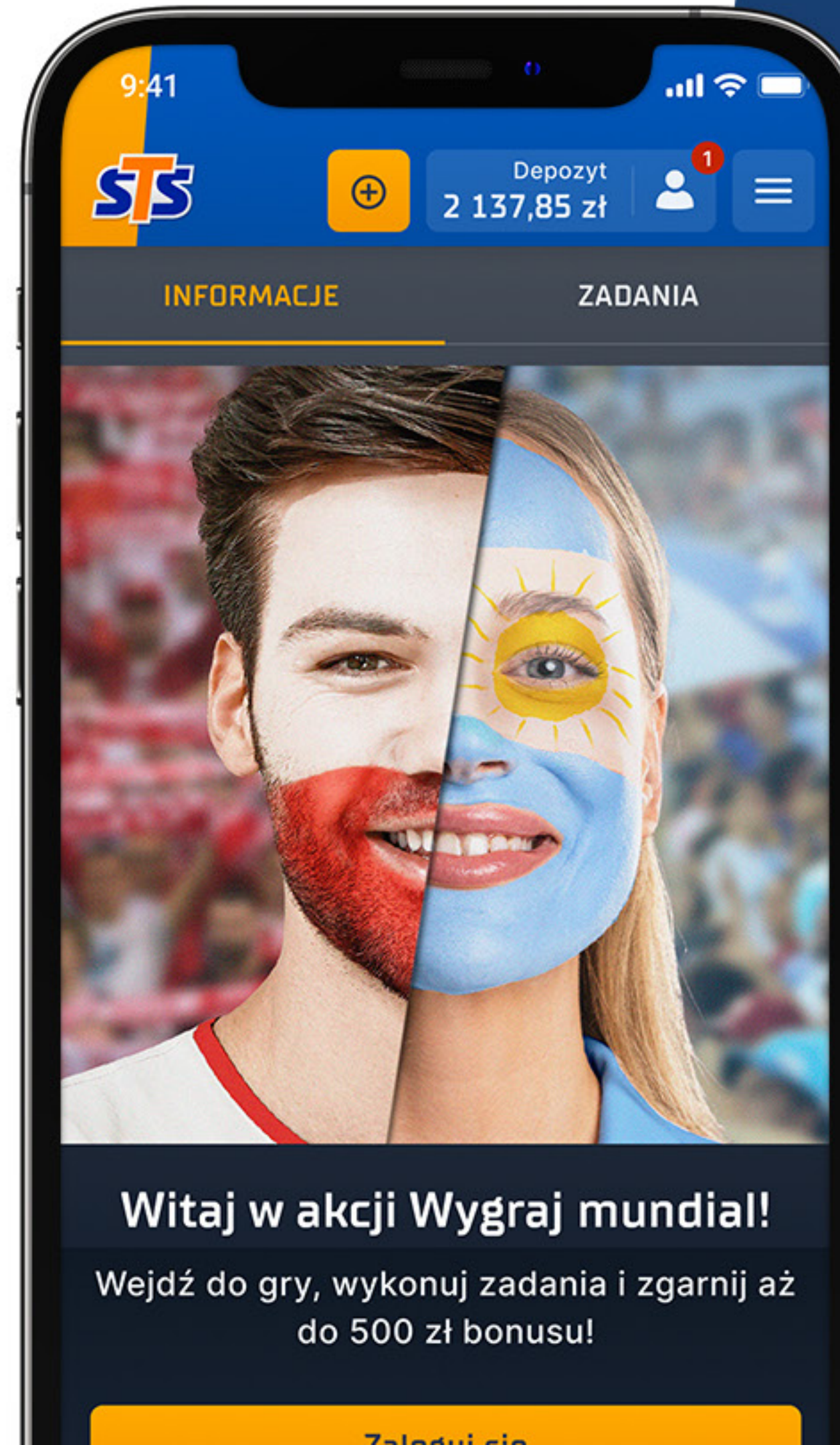


New agreement with PZPN



World Cup Campaign

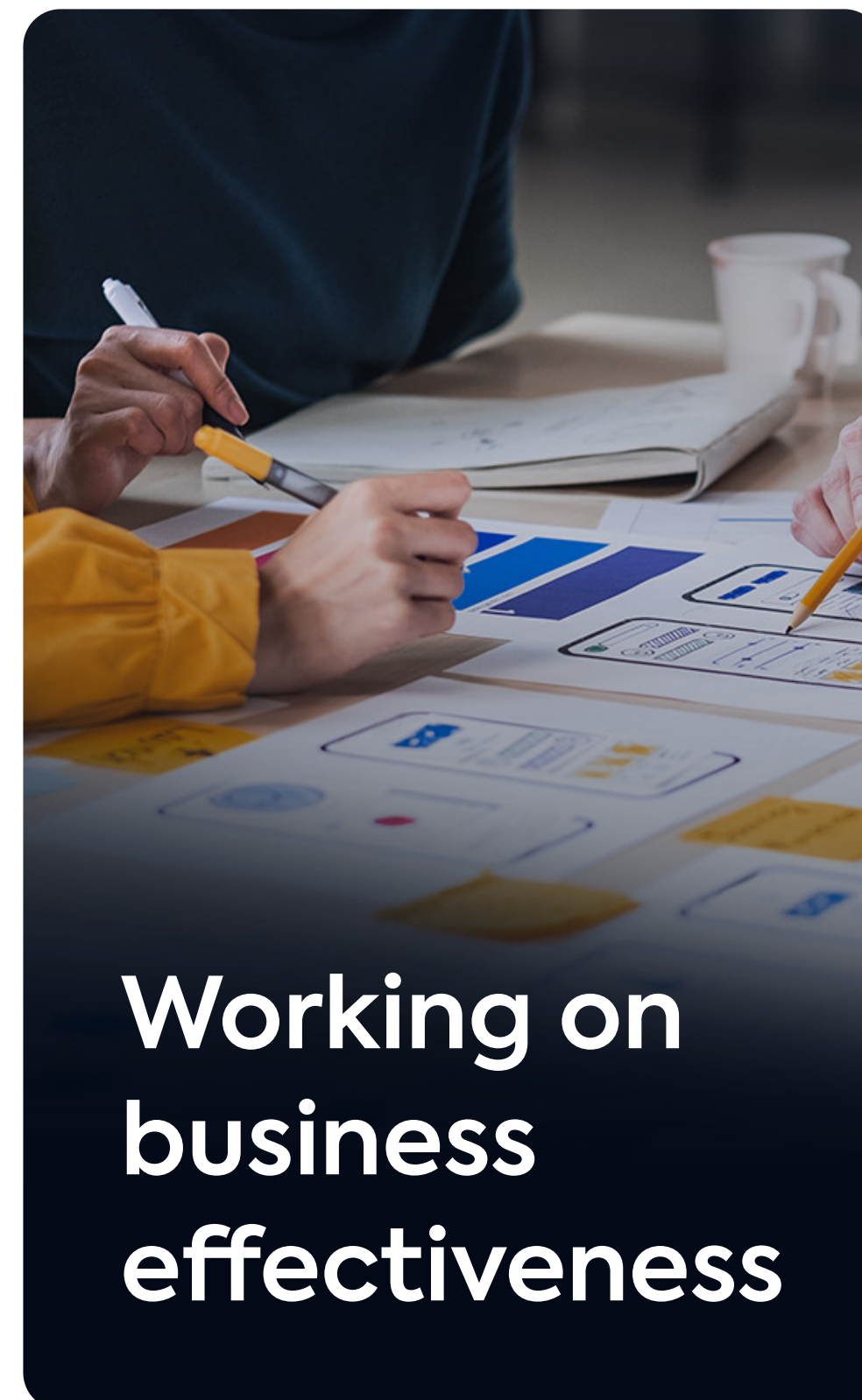
Implementation of BetBuilder



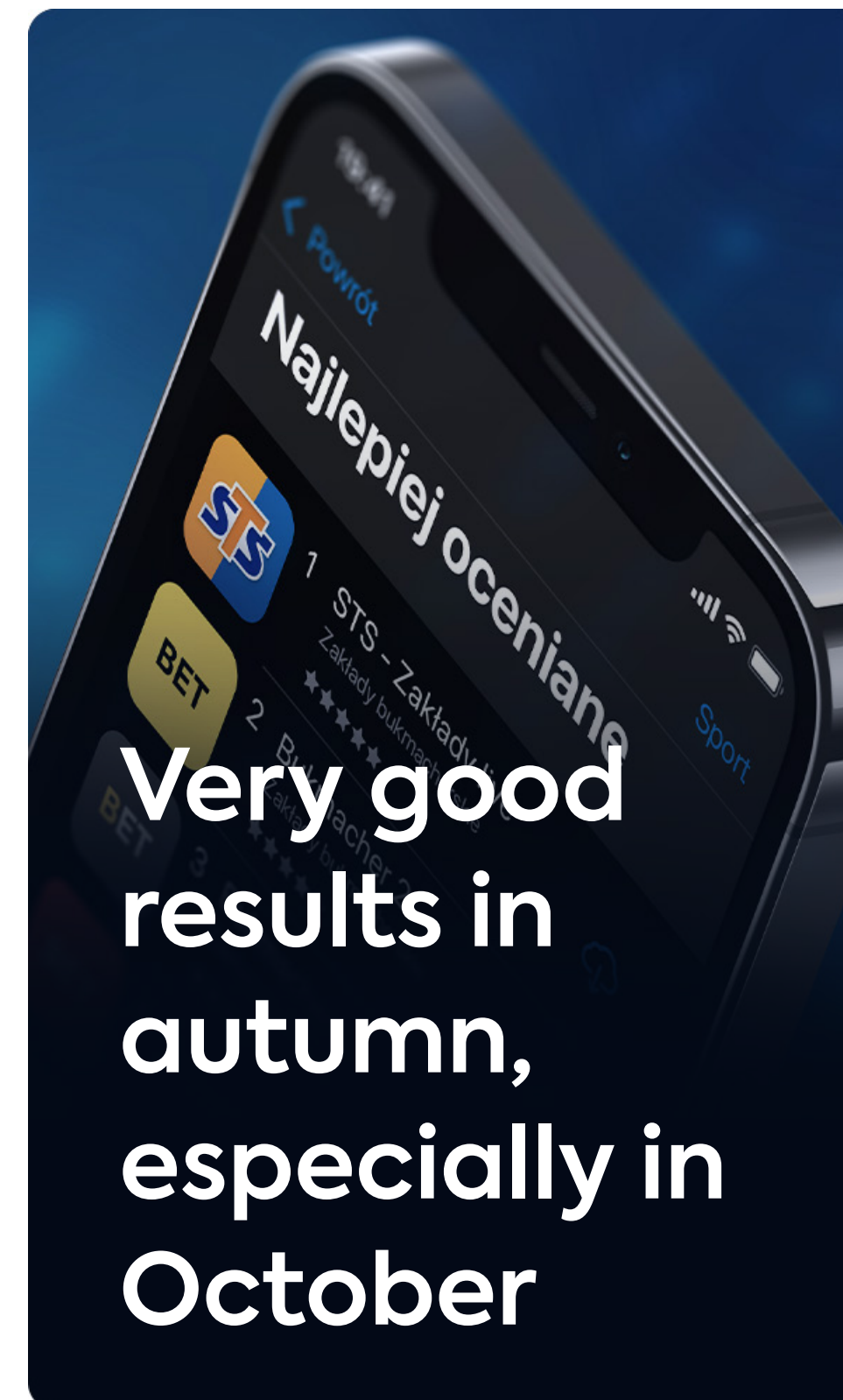
Key takeaways



**Strong NGR
in Q3 2022**



**Working on
business
effectiveness**



**Very good
results in
autumn,
especially in
October**



**World Cup
in Qatar**



Financial update Q3 2022



Financial highlights

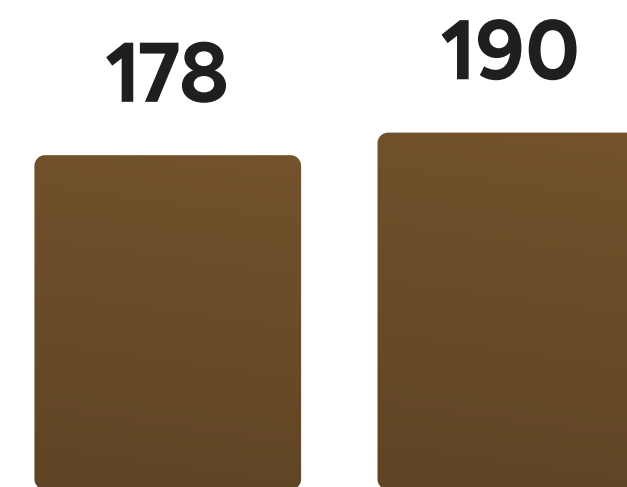
PLN, m

IFRS Revenues



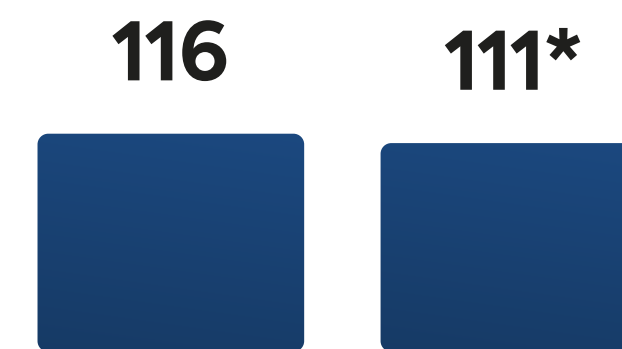
Q1-Q3 2021 Q1-Q3 2022

Adjusted EBITDA



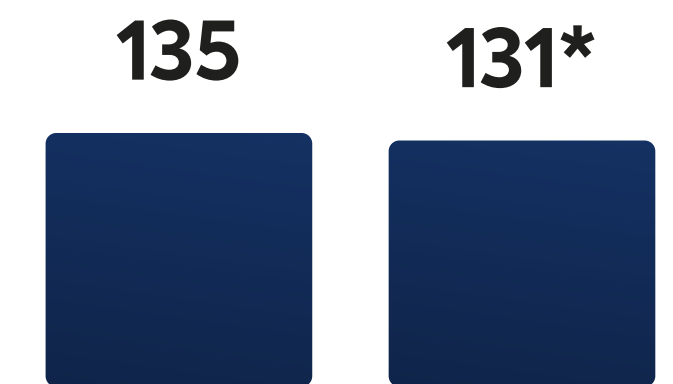
Q1-Q3 2021 Q1-Q3 2022

Net profit STS Group



Q1-Q3 2021 Q1-Q3 2022

Net profit STS S.A.



Q1-Q3 2021 Q1-Q3 2022

* After book reserve - PLN 9.2m

Q1-Q3 2022 financial results

PLNm	Q1-Q3 2022	Q1-Q3 2021	(PLNmΔ)	(%)
NGR	463	429	34	8%
Less: Bonuses provided to customers	(51)	(48)	3	5%
IFRS Revenue	413	381	31	8%
Consumption of materials and energy	(8)	(9)	(1)	(9)%
External services	(145)	(130)	15	12%
Employee payroll & benefits	(69)	(63)	6	10%
Other miscellaneous costs	(1)	(2)	(0,4)	(22)%
Adjusted EBITDA	190	178	11	6%
% of NGR	40,9%	41,6%		

167

NGR - Q3 2022
[PLNm]

134

NGR - Q3 2021
[PLNm]

73

Adjusted EBITDA -
Q3 2022 [PLNm]

52

Adjusted EBITDA -
Q3 2021 [PLNm]

Continued cash generation and stable balance sheet

Cash flow generation

PLNm	Q1-Q3 2022	Q1-Q3 2021
Adjusted EBITDA	190	178
% of NGR	40,9%	41,6%
Capex ¹	(24)	(12)
FCF (EBITDA – Capex)	166	166
% cash conversion ²	87%	93%

Balance sheet

PLNm	Q1-Q3 2022	Q1-Q3 2021
Cash & cash equivalents	199	132
Net operating working capital ³	(150)	(104)
Total assets	329	236
Total liabilities	203	152
Total equity	126	85

- Consistent cash generation with EBITDA conversion approximately the 90% mark, despite continued investments for future growth.
- Compelling financial position underpinned by strong balance sheet in excess cash and stable working capital requirements.
- Strong cash-flow generation expected to deliver 100% dividend pay-out.
- PLN 239 mln capital reserves including cash PLN 199 mln and unused bank credit facilities PLN 40 mln.

Group did not have any outstanding external loans and borrowings as of the end of Q3 2022. On track to deliver 100% dividend pay-out, underpinned by strong cash-flow generation.

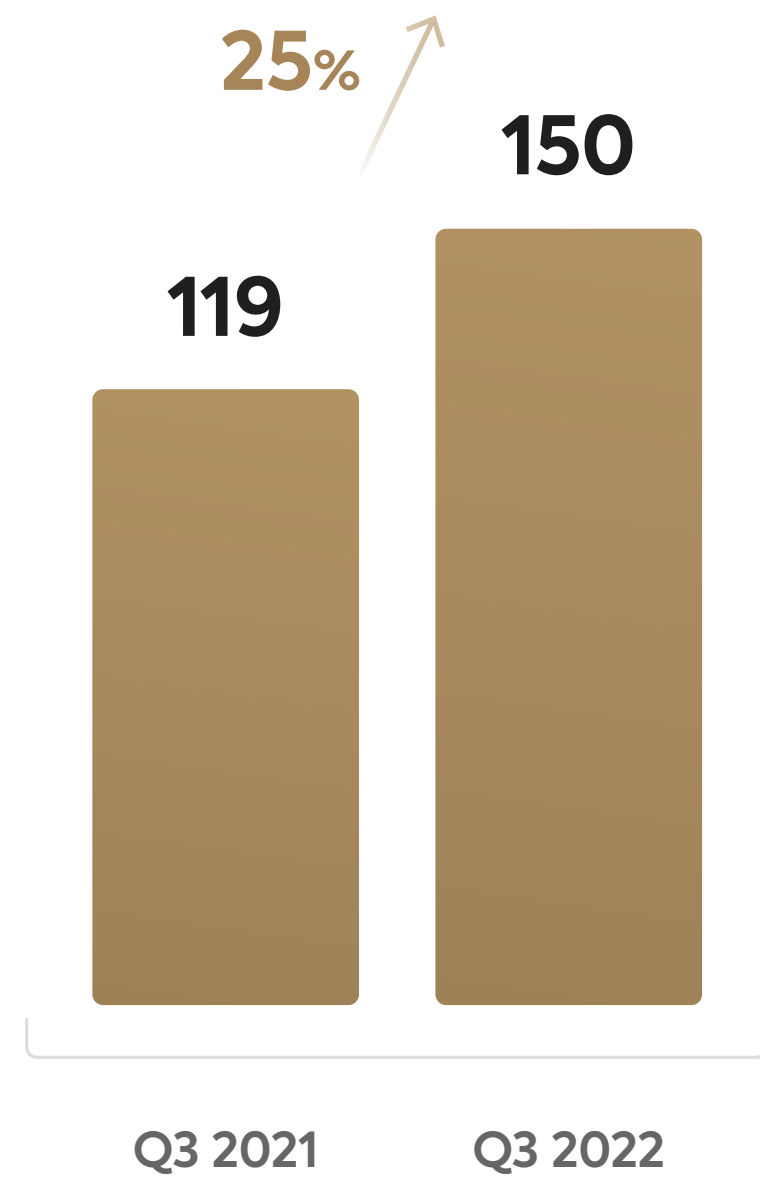
NOTES:

1 - Capex includes spending on PP&E, intangible assets including software and technology development, and excludes acquisitions; 2 - Defined as FCF/EBITDA; 3 - Defined as Trade and other receivables and prepayments – Trade payables and other liabilities (incl. tax liabilities) – Liabilities to employees

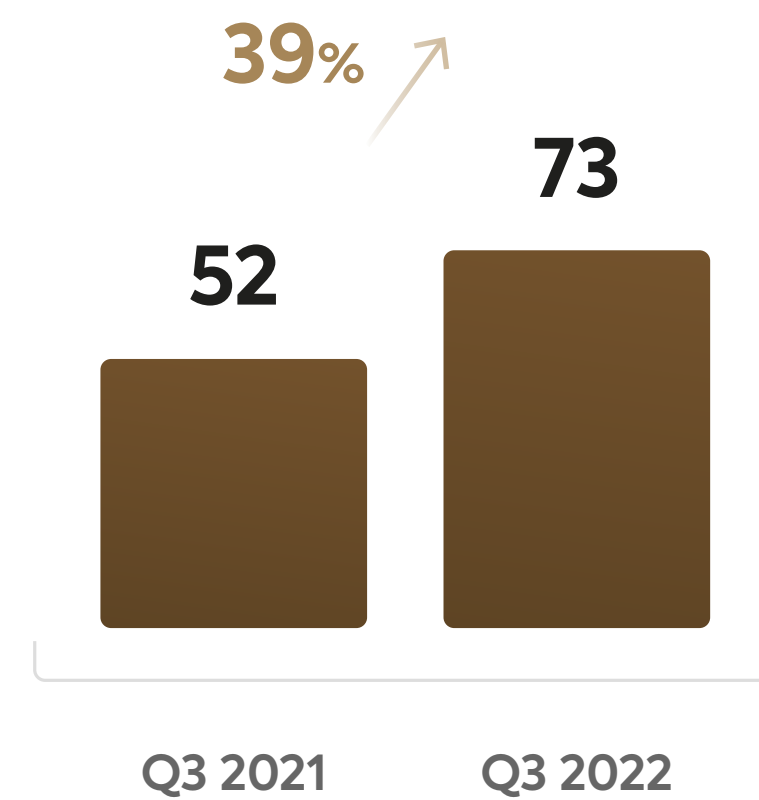
Q3 2022 financial highlights

PLN, m

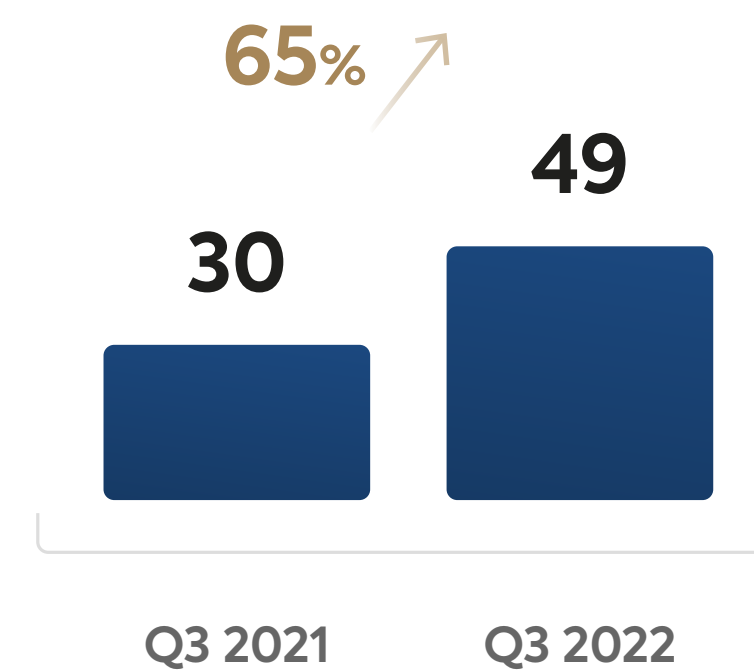
IFRS Revenues



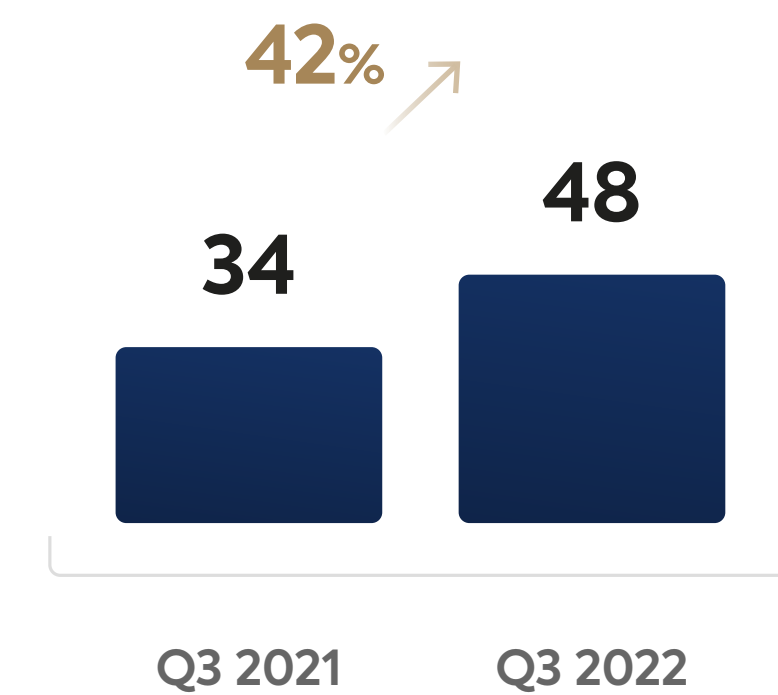
Adjusted EBITDA



Net profit STS Group



Net profit STS S.A.



Dividend in 2022

PLN 57,9m

August



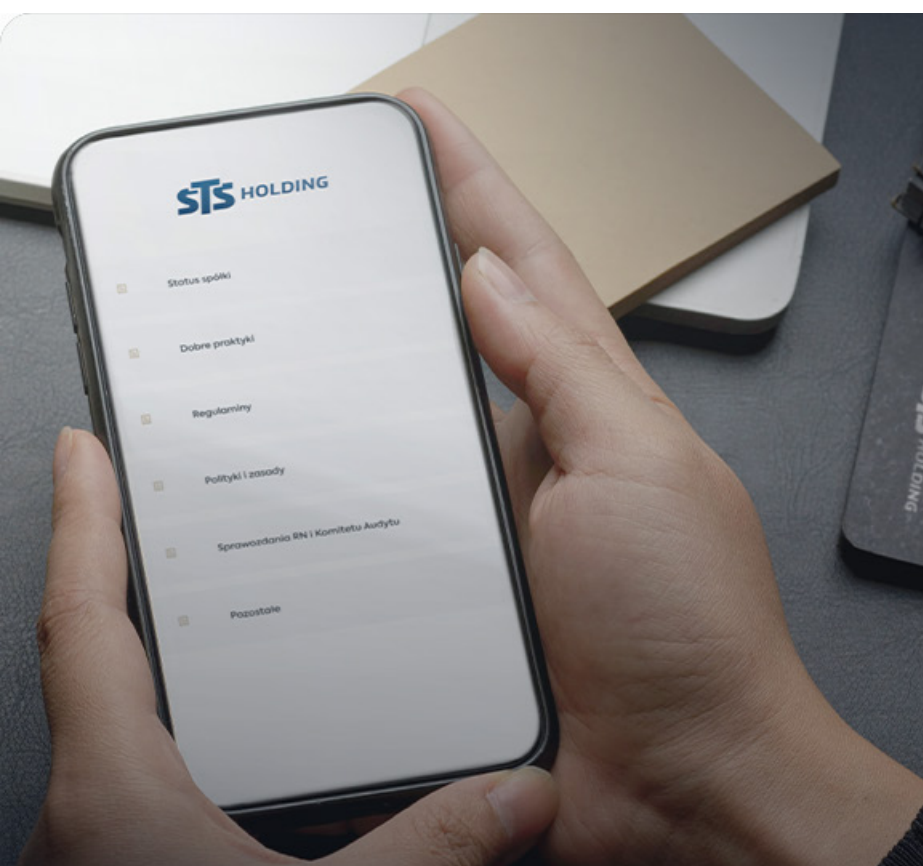
October

PLN 42,3m




Key takeaways

**Growing NGR,
EBITDA and
margin**



**Strong
balance
sheet & cash
generation**



**Two dividend
payments.
In total:
approximately
PLNm 100**

STS HOLDING

Q&A





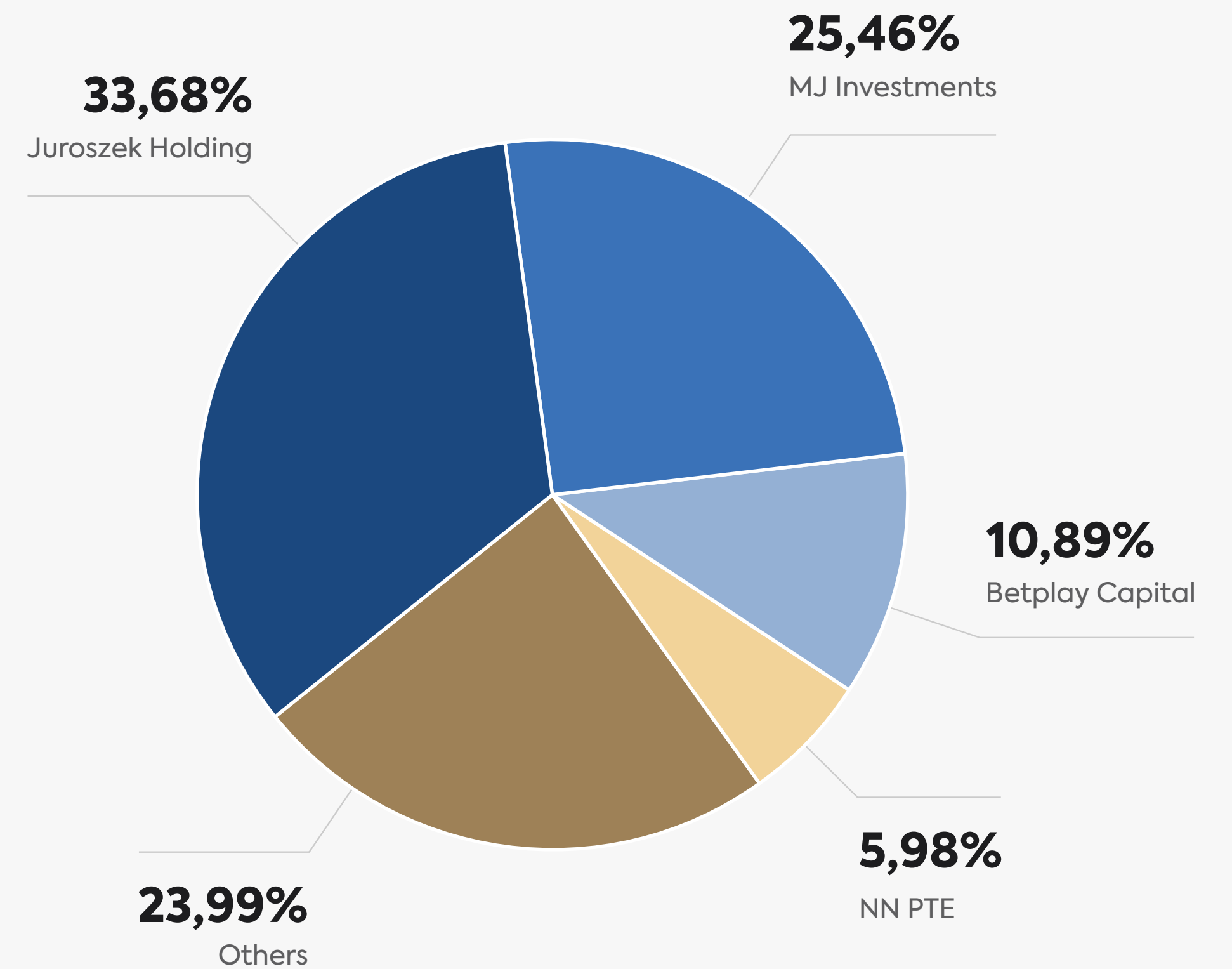
Appendix – STS Group



Structure of the Group



Shareholding structure



Committed and high-tech focused management team with deep industry experience




15+

Marcin Walczysko
Board Member
Retail & Operations

Responsible for STS' retail strategy

Previously at various roles at Fortuna Gaming

Masters in Engineering from the Karol Adamiecki Academy of Economics in Katowice



15+

Mateusz Juroszek
CEO

Joined STS in 2009

Took over as CEO in 2012

Led the digital transformation of STS

Graduated with a degree in Management and Marketing from the Kozminski University in Warsaw




20+

Zdzisław Kostrubała
Board Member
Legal & Compliance

Independent proxy at Betplay International and MJ Investments


Gambling law expert participated in legislative work for Polish Gambling Act

Masters in Engineering from the Silesian University of Technology in Gliwice




Dawid Prysak
CFO

9




Łukasz Borkowski
Head of Corporate Communications

9




Michał Miler
CPO

11




Filip Sosnowski
Managing Director of STSBet

15+




Wojciech Sznapka
CTO of STS

8




Jiří Najman
COO of Betsys

20+




Łukasz Świerk
Head of Operations

9




Alicja Kubica
Head of Controlling

3




Bożena Gwiazda
Head of Group Accounting

3




Jowita Cichocka - Sochacka
Head of HR

3



Paweł Rabantek
CMO

9

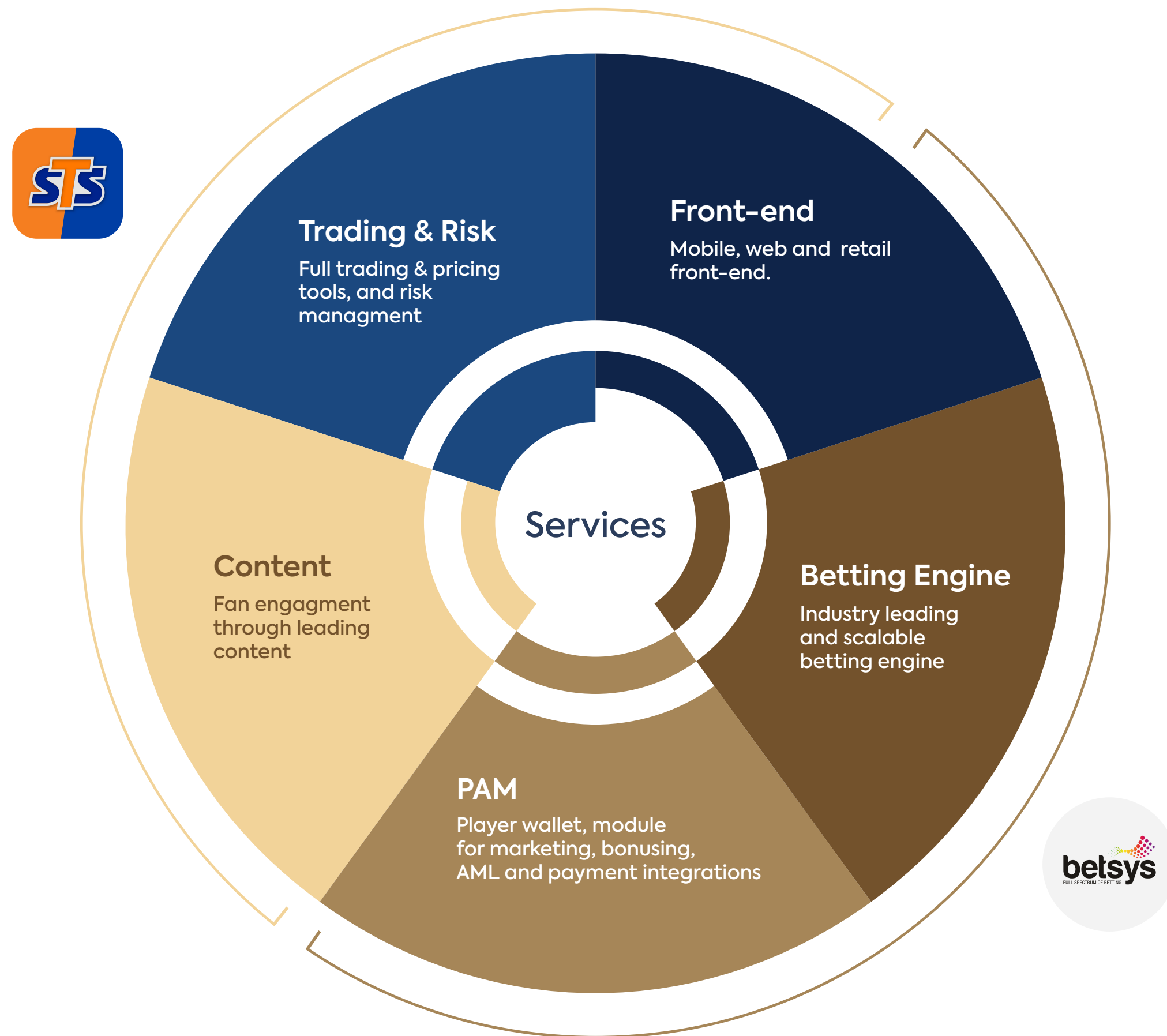


Piotr Cerlak
Head of Sportsbook

12

YEARS IN THE INDUSTRY

Full control over state-of-the-art vertically integrated technology



- In-house development of platform, web, native apps and retail solutions with an industry leading betting engine
- Acquisition of Betsys, Czech sports betting technology provider in 2020
- €18m invested in technology over last 4 years



Creation of a modular tech architecture allowing for swift product upgrades and innovation

99.9%

Betsys uptime

c.160

Tech staff¹

c.85

Developers

c.55

Other tech FTEs

c.20

BI/BA FTEs²

NOTES:

1 - Includes STS' and Betsys' developers, product owners, Scrum Masters and employees of UX, BI, BA, DevOps and QA teams; 2 - Business intelligence / business analytics

Source: Company information as of 2020, unless explicitly stated otherwise

Why STS is unique

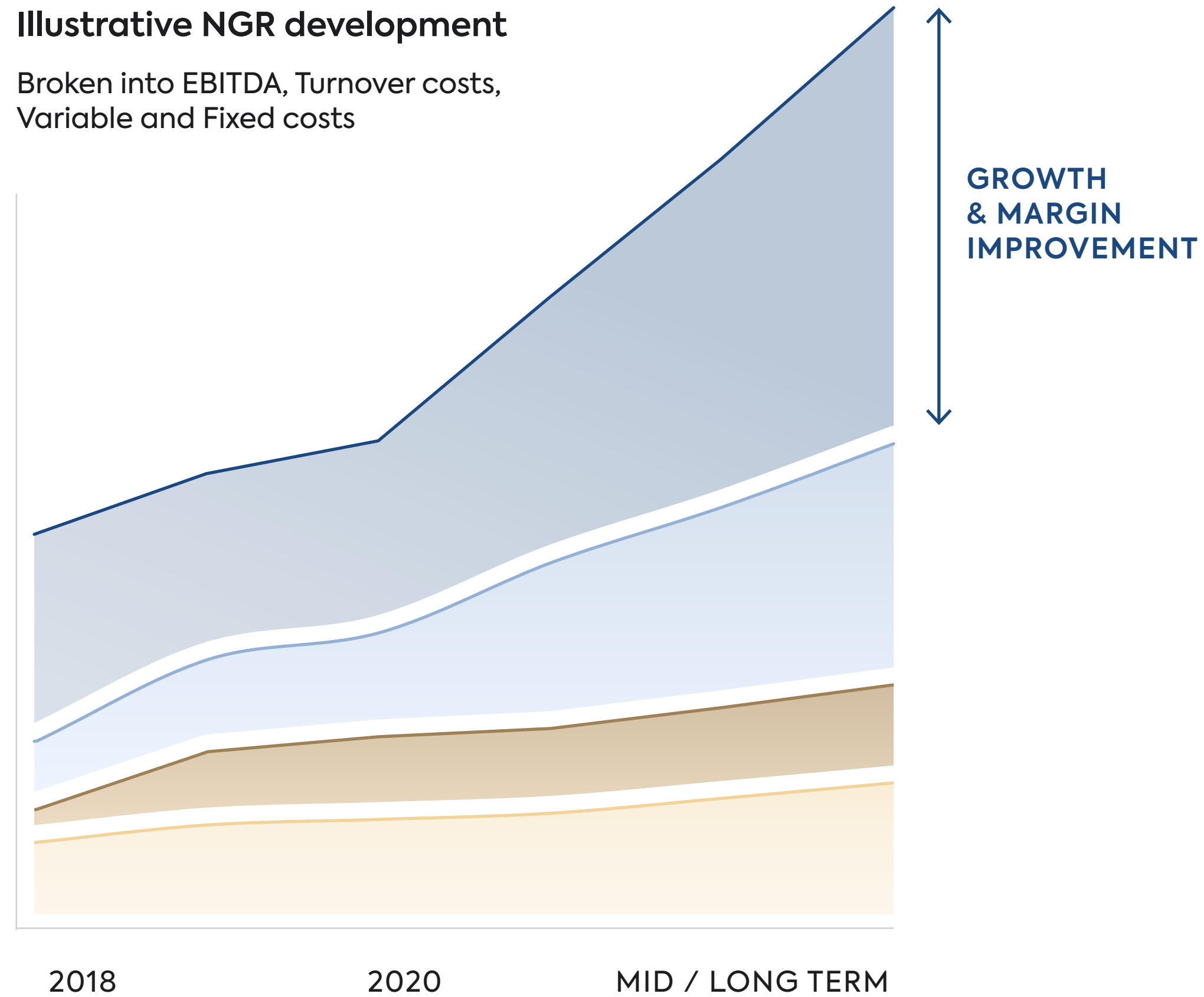
	TYPICAL EUROPEAN GAMING PEERS	TYPICAL US GAMING PEERS	HIGH QUALITY EUROPEAN & US GAMING PEERS	
Dominant market share	✗	✗	?	✓ >40% market share in Poland
High future revenue growth (20%+)	✗	✓	✓	✓ Low-mid 20s% mid-term ¹
Profitability today	✓	✗	?	✓ Ranging 40-53% 2018-2020
100% regulated revenue	✗	✓	?	✓ 99% in Poland ²
Stable regulatory environment	?	✓	✓	✓ Gaming tax unchanged since 2009, license regime for onshore operators
Significant macro tailwinds <small>(including GDP growth and growing mobile penetration)</small>	✗	✓	✓	✓ 16% online market CAGR 2020-2026 ³ . Potential liberalisation of online casino?
No leverage	?	✓	?	✓ Historical growth funded organically

NOTES:
 1 - Based on guidance; 2 - Based on NGR; 3 - Based on H2GC forecast for Poland GGR (reflects online onshore GGR growth)

Significant margin improvement as NGR grows

Illustrative NGR development

Broken into EBITDA, Turnover costs, Variable and Fixed costs



EBITDA

Significant margin improvement as NGR grows and fixed and variable costs remain stable.

TURNOVER COSTS

Costs that are directly linked to, or incurred as an effect of, turnover (stakes):

- Sports coverage fees
- Fees to payment providers
- Marketing (bonuses, media, acquisition)
- Betting services (revenue share)

VARIABLE COSTS

Costs that grow with turnover but at a slower pace:

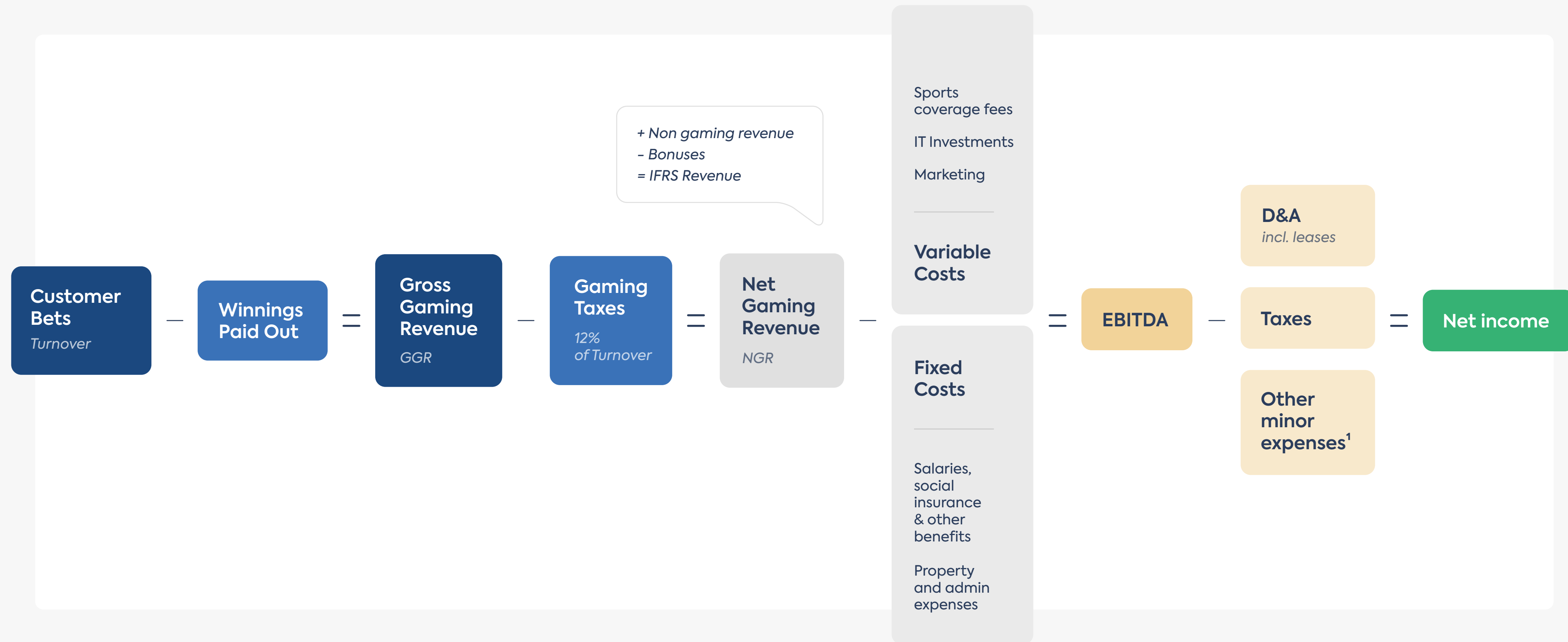
- Betting services (odds, streaming, statistics)
- Investments in technology
- Marketing (PR, sponsoring)
- Other variable

FIXED COSTS

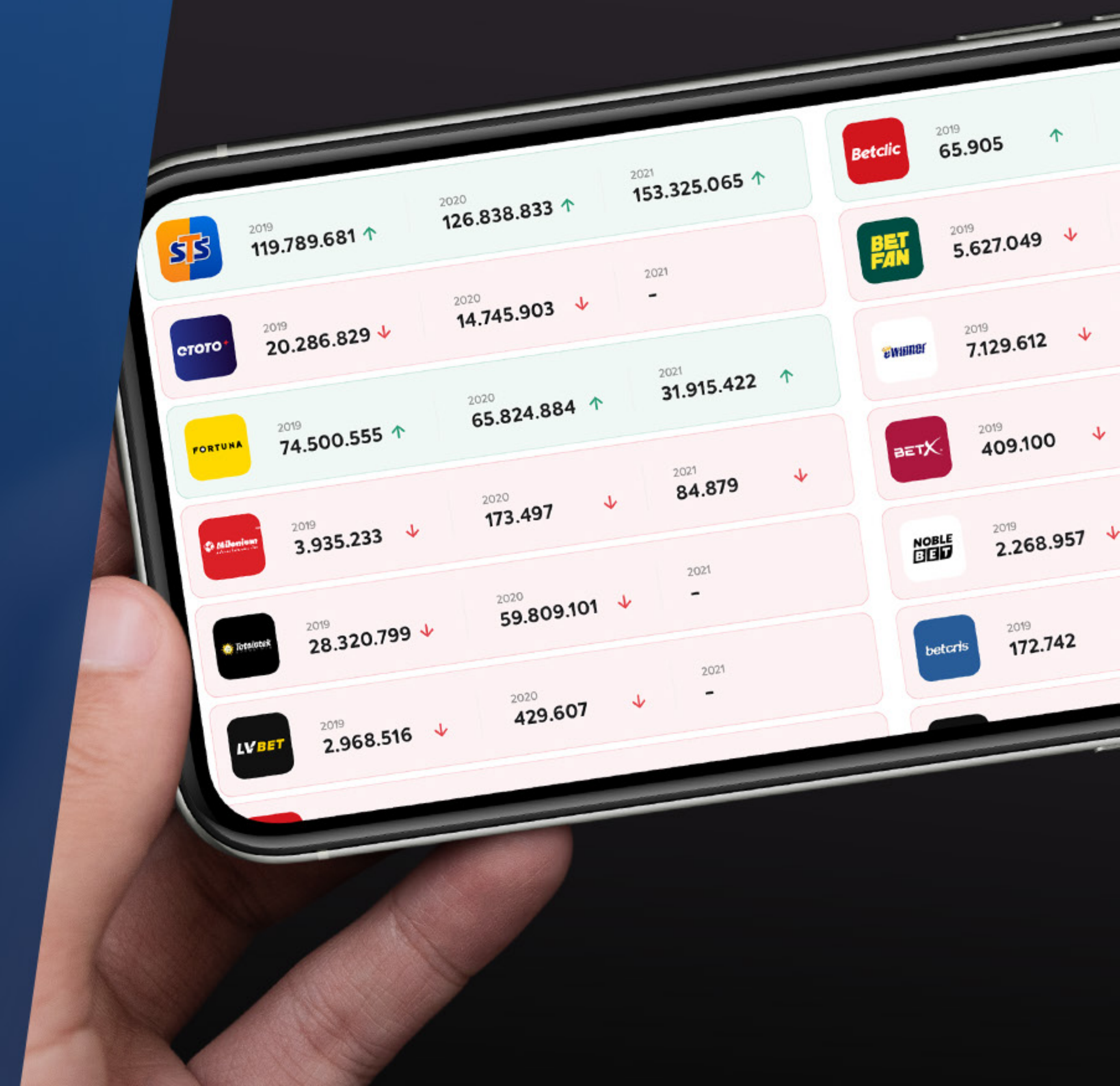
Costs that will remain stable as NGR grows, some increases driven by scaling staff numbers:

- Personnel costs
- Usage of materials and energy
- Property expenses (services)
- Costs of other retail services
- Other stable expenses

STS Group financial model

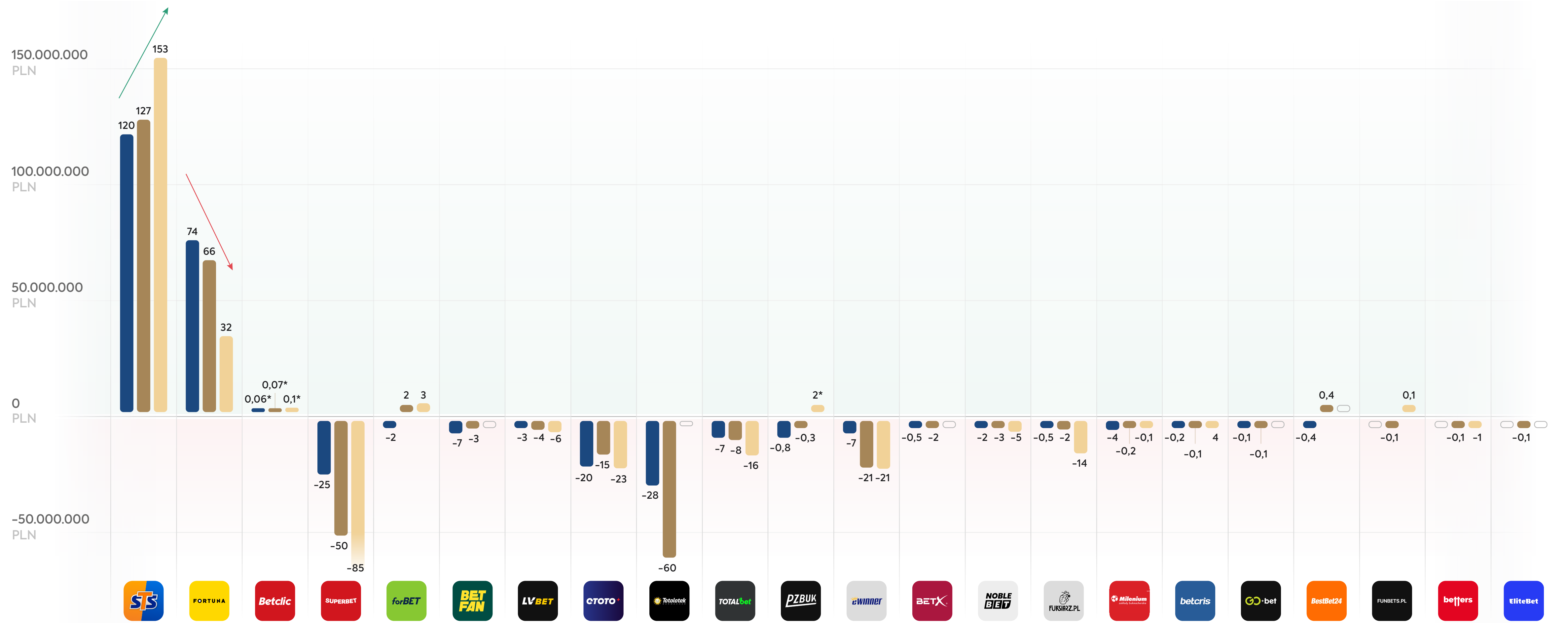


Polish gaming market



Financial results of Polish operators 2019 - 2021

■ 2019
 ■ 2020
 ■ 2021
 no data



*part of Betclic group - outsourcing of costs.

*Governmental help due to COVID-19.

Appendix – regulatory environment



Polish gaming regulatory position supportive of white market operations and ESG-compatible

Key regulations:

- Registry of domains to identify non-compliant accounts
- Prohibition of payment services to unlicensed sites
- Restricted advertising – licensed operators only and non-public except for mass events and in case of sponsorships
- Mandatory blocking of access to illegal websites

“The results of the analyses concerning the betting taxation model and its effective or budget-neutral change to the GGR model were presented to industry representatives in response to inquiries in this area or at industry meetings. There is currently no legislative work on the gaming tax being conducted.”

Ministry of Finance press office, November 2021

Regulatory authority:



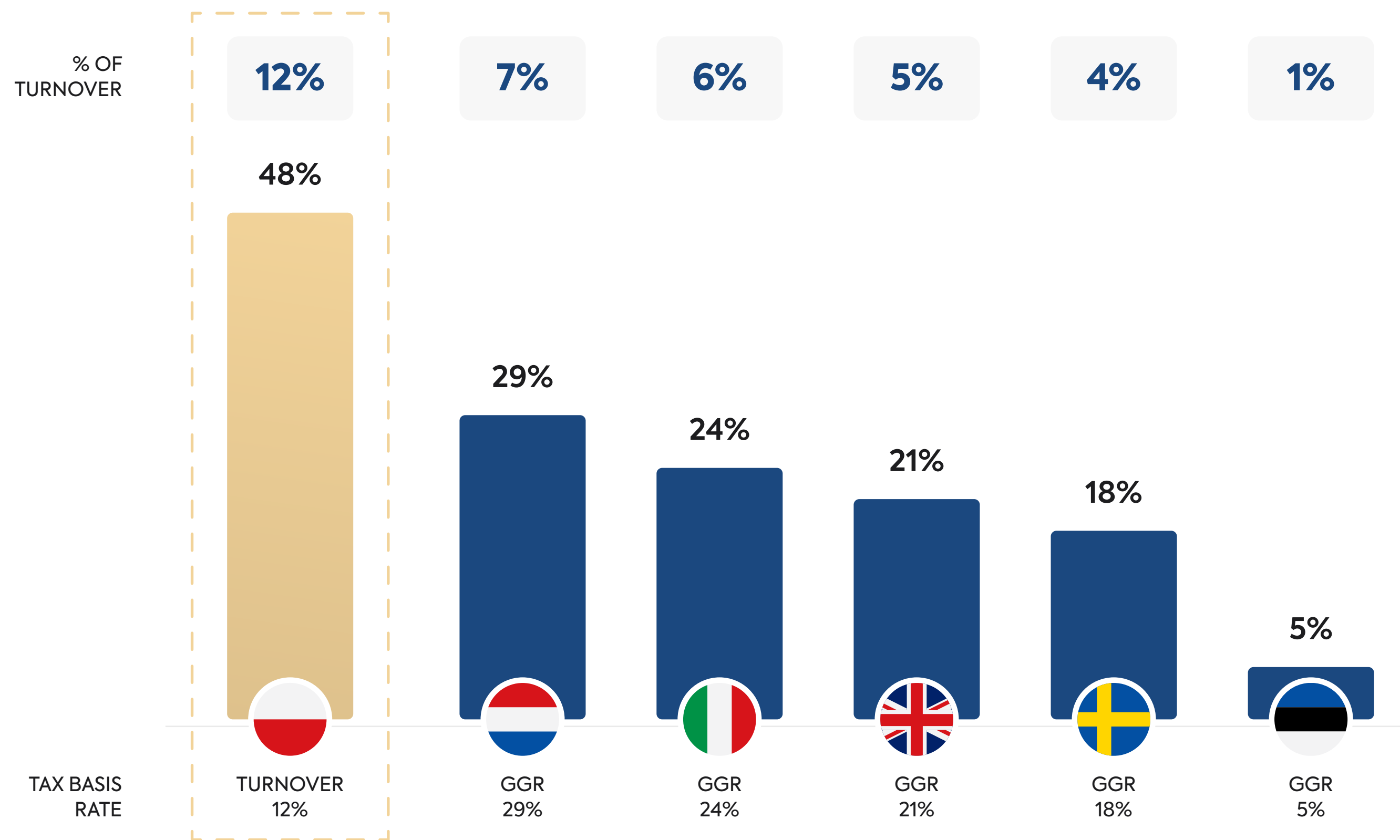
Ministry of Finance as the regulatory authority



National Revenue Administration (NRA) runs day to day supervision

Polish gaming tax is among the highest in Europe, creating barriers to entry

STS Gaming tax as % of GGR (PLNm)¹



- / Stable tax rate since 2009
- / One of the highest gaming tax rates in Europe with limited risk for increases
- / In addition, fees are paid to the Polish Football Association (0.5% of turnover) to publish results of sporting events
- / Significant income generated to the state with incentive to privatise iGaming from current state monopoly

NOTE:
1 - Based on STS' turnover and GGR in 2020, with gaming tax payable by STS under various tax regimes shown on an illustrative basis

Regulatory outlook

Taxation

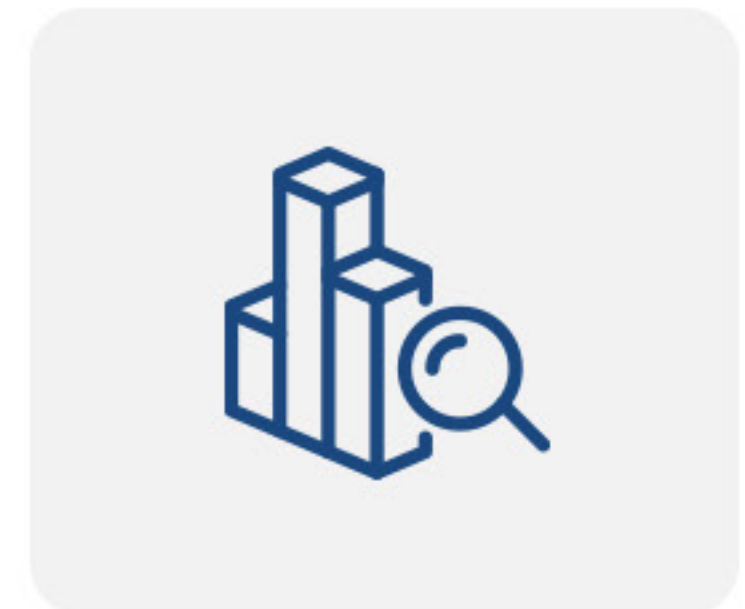
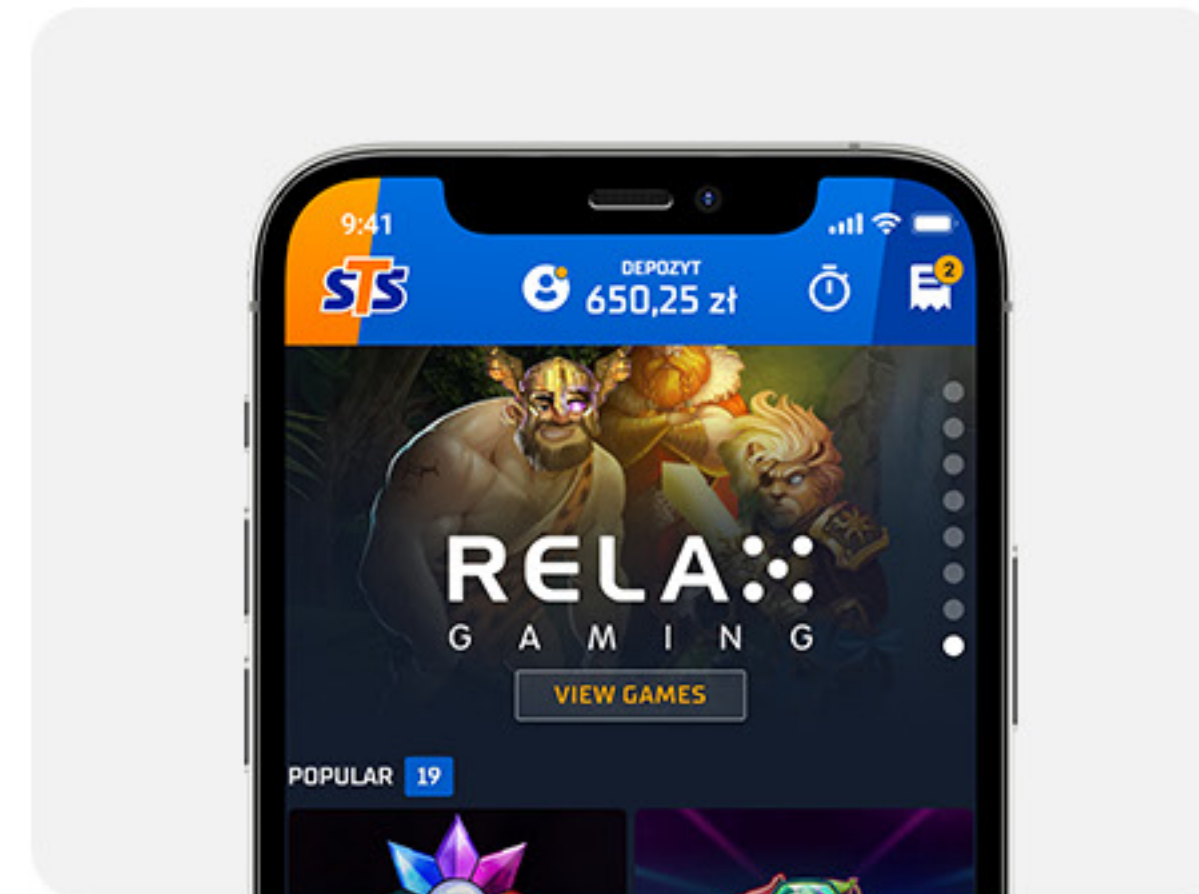
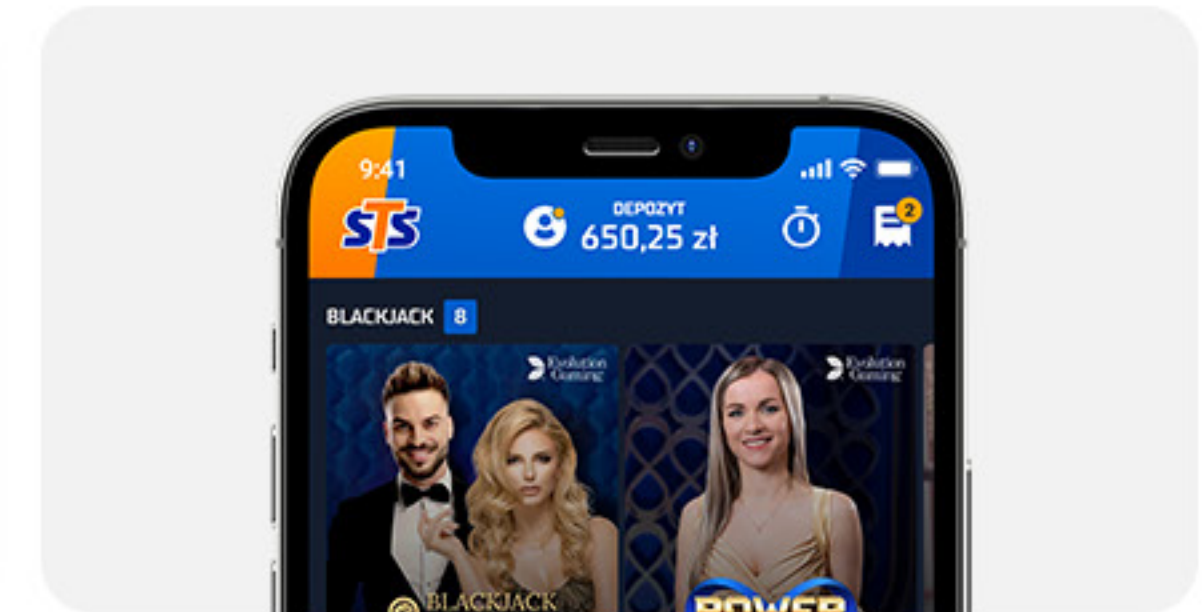
Ministry of Finance doesn't work on any changes

Casino Online

Liberalization beneficial for both operators and the State Treasury

Grey Market

30-40% of turnover in grey market





STS *HOLDING*