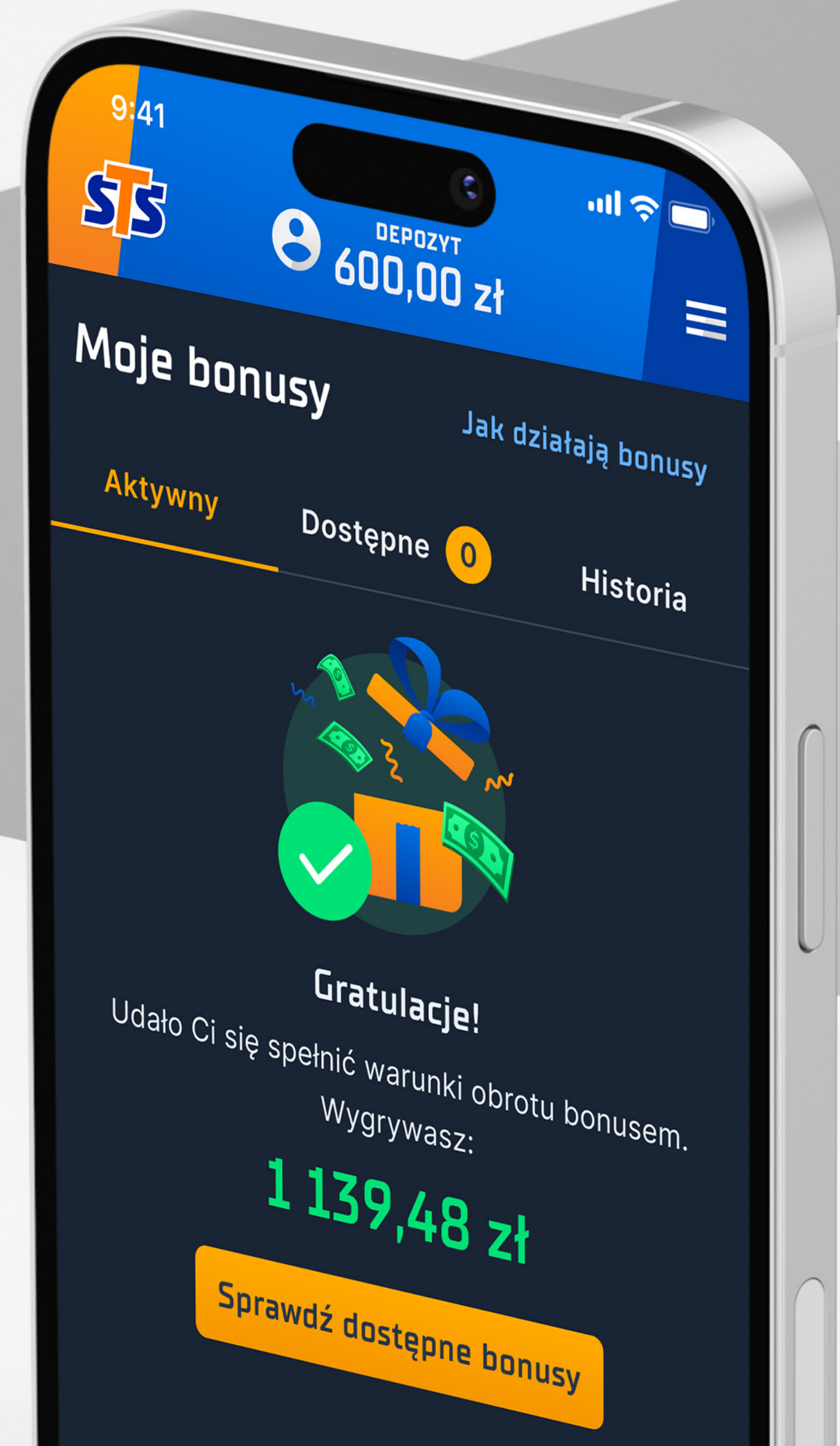


# FY 2022 Results

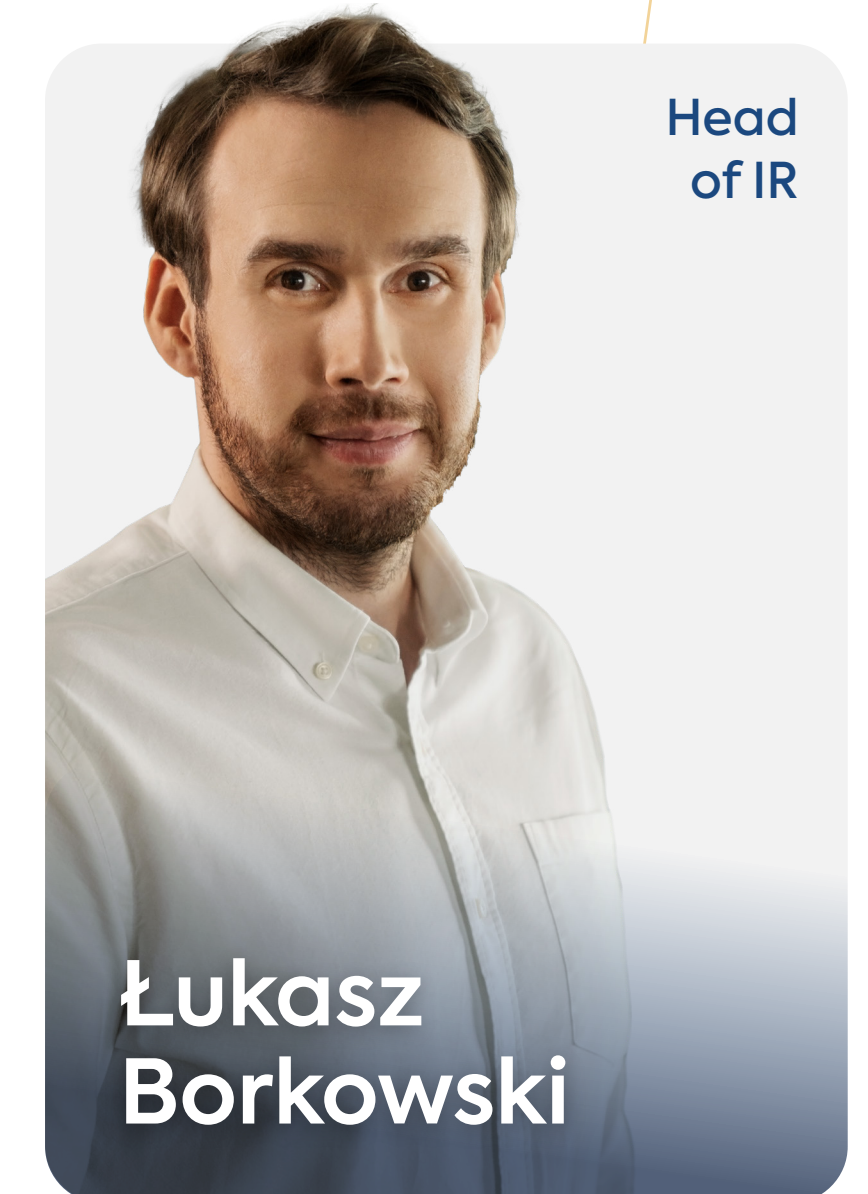
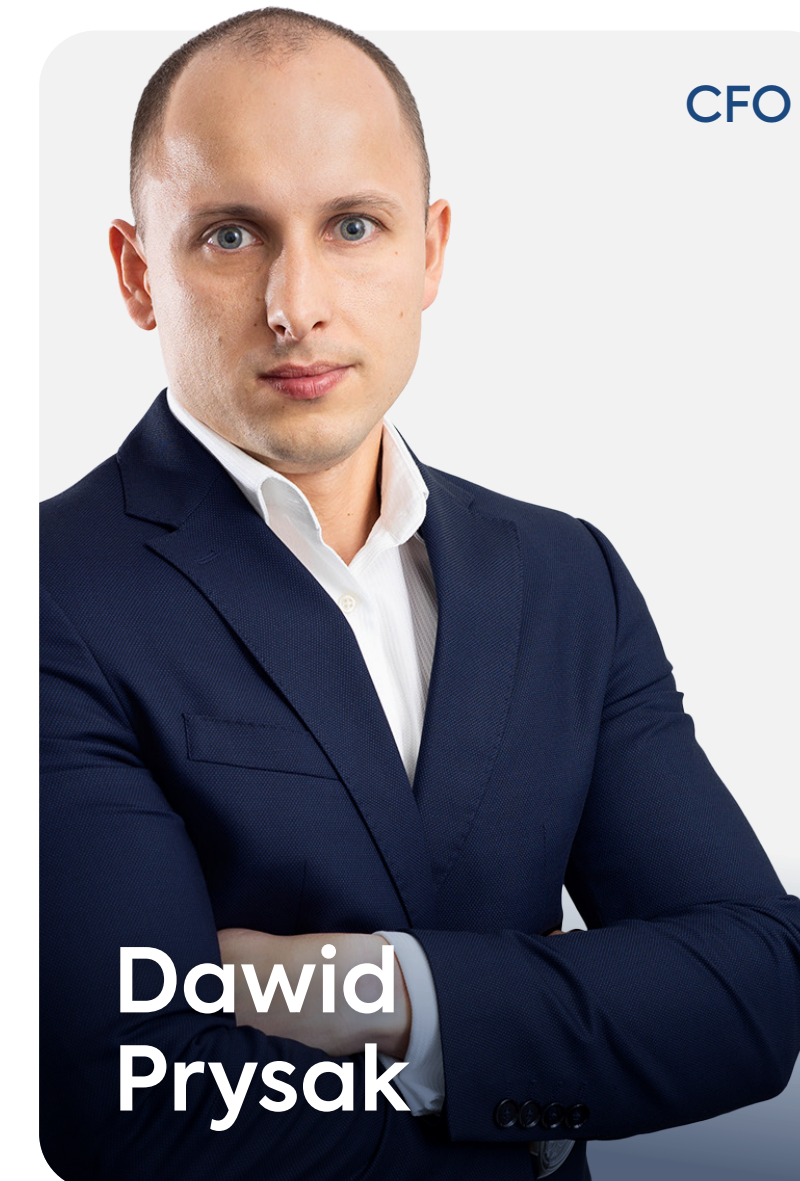
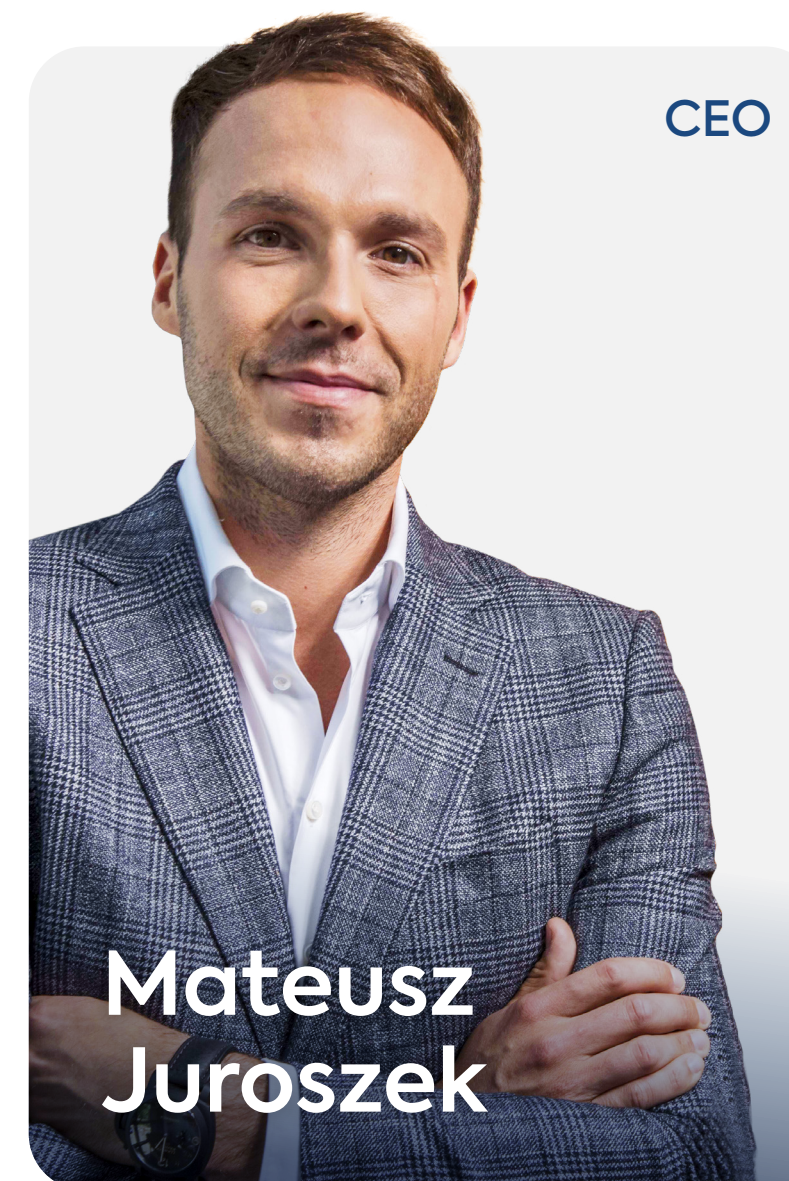
March 2023



# Agenda

01. Q4'22 Business update
02. FY 2022 Results
03. FY 2022 Financial update
04. ESG & non-financial KPI's
05. Plans for 2023
06. Market update
07. Guidance
08. Q1'23 business update
09. Q&A
10. Appendix

# Today's Presenters



# 2022 Summary

## Outstanding business profile

**PLN 1.187bn** ↑ 9%  
GGR  
YOY

**PLN 663m** ↑ 17%  
NGR  
YOY

**273m** ↑ 26%  
Adj. EBITDA  
YOY

## Best customer reach and product

**PLN 4.679bn** ↑ 4%  
Amounts staked  
YOY

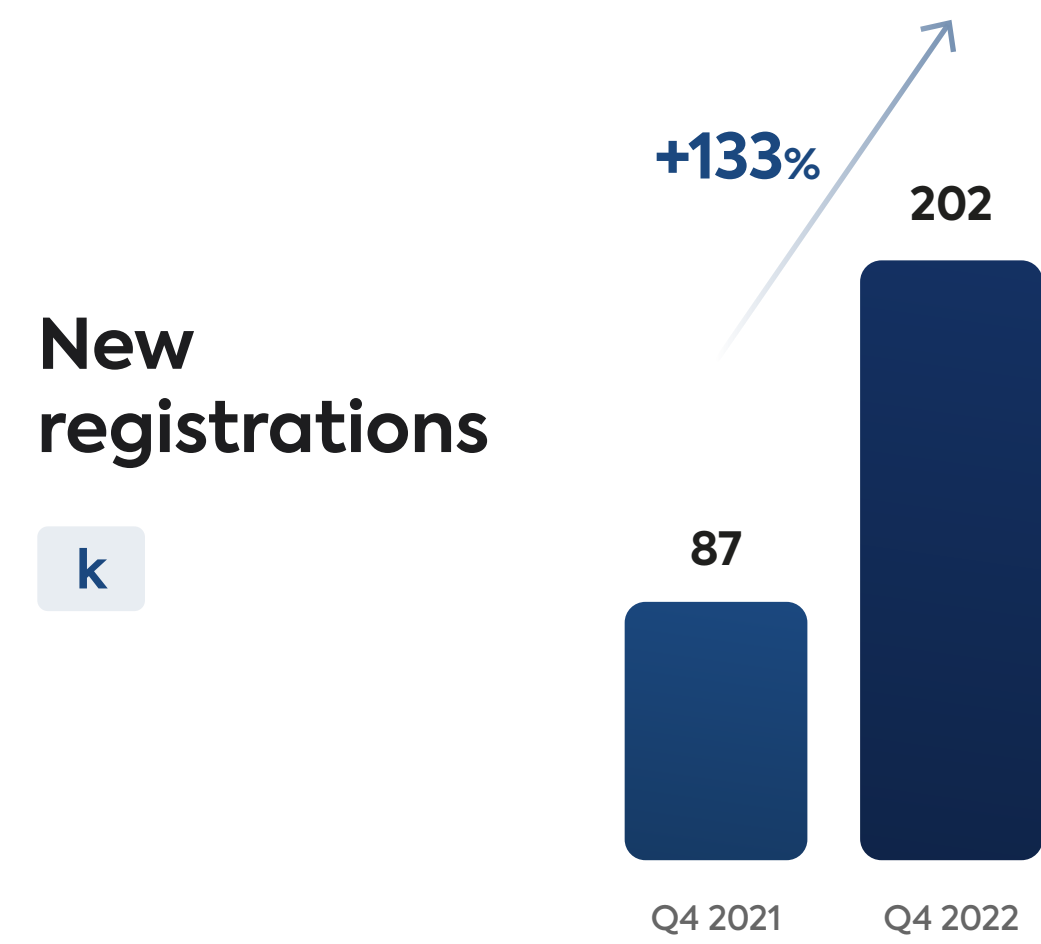
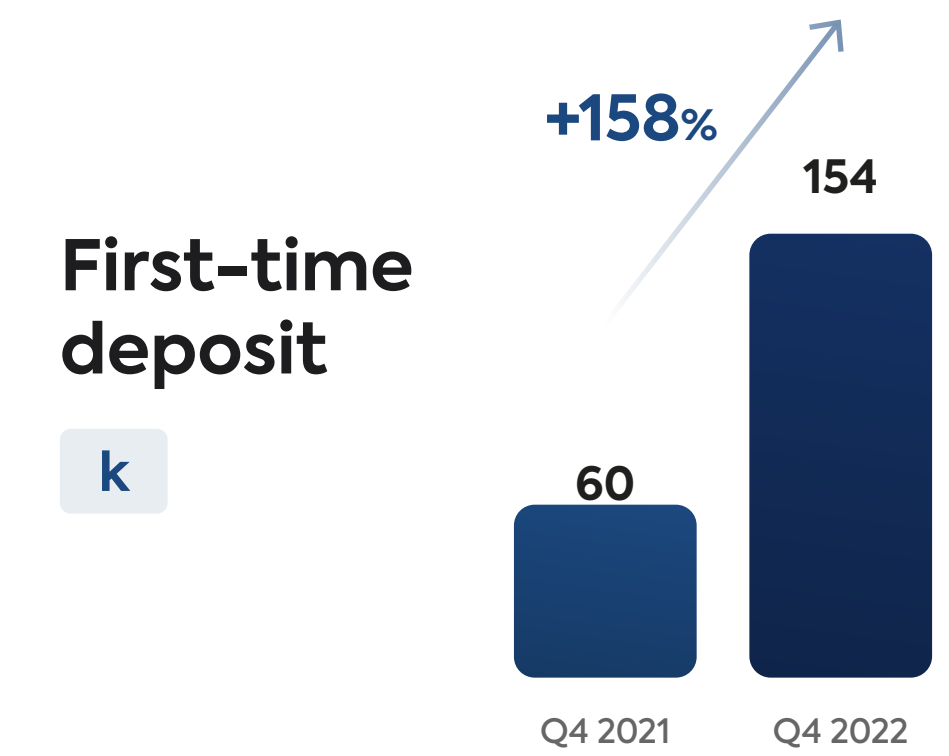
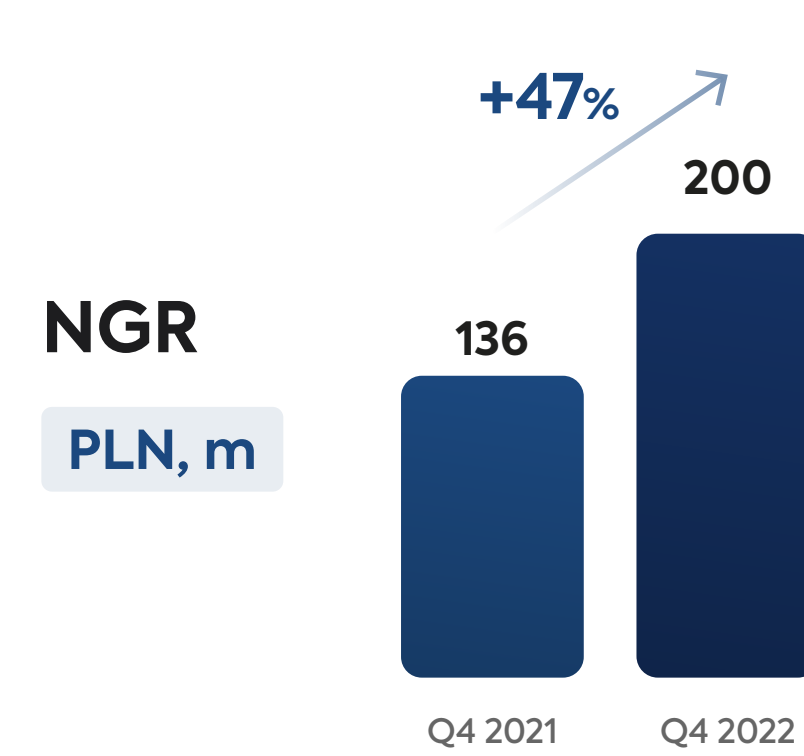
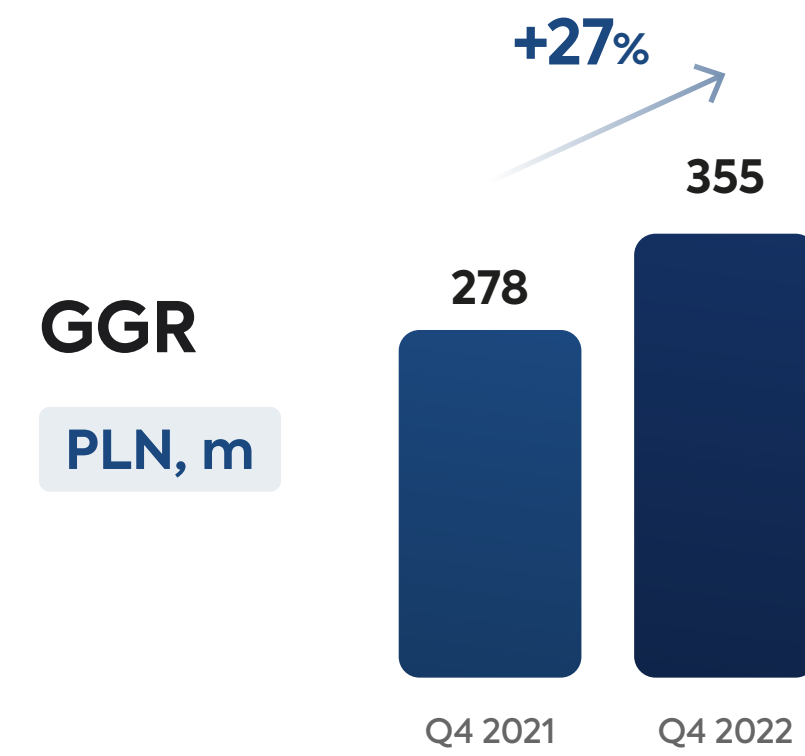
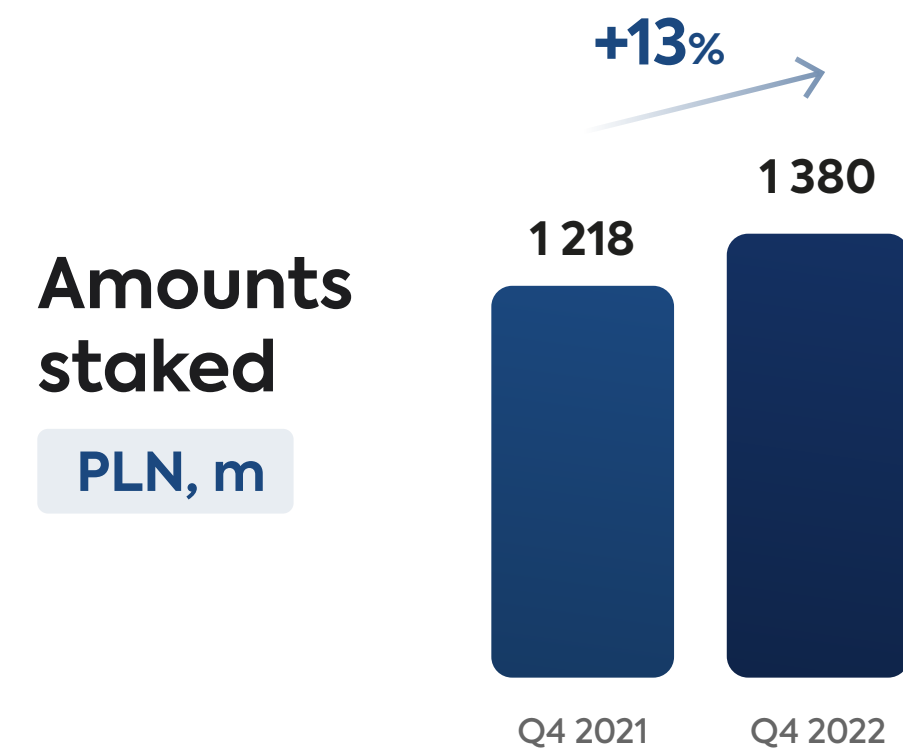
**1.960m** ↑ 19%  
Registered players  
YOY

**783k** ↑ 13%  
Active users  
YOY

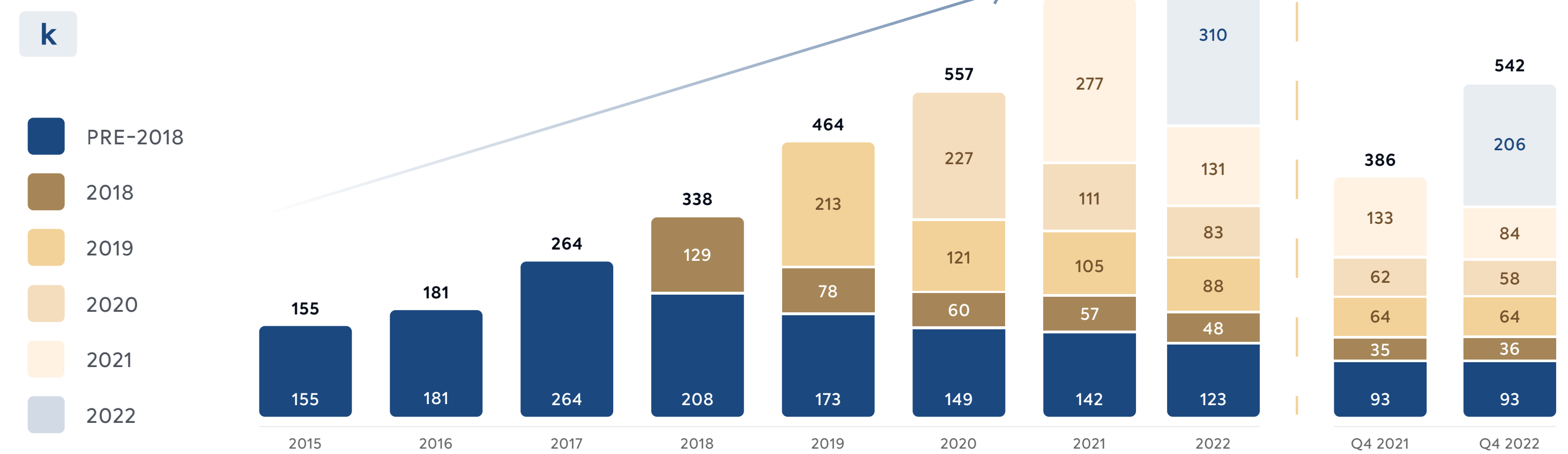


# Q4'22 Business update





**Active users, by year of acquisition**

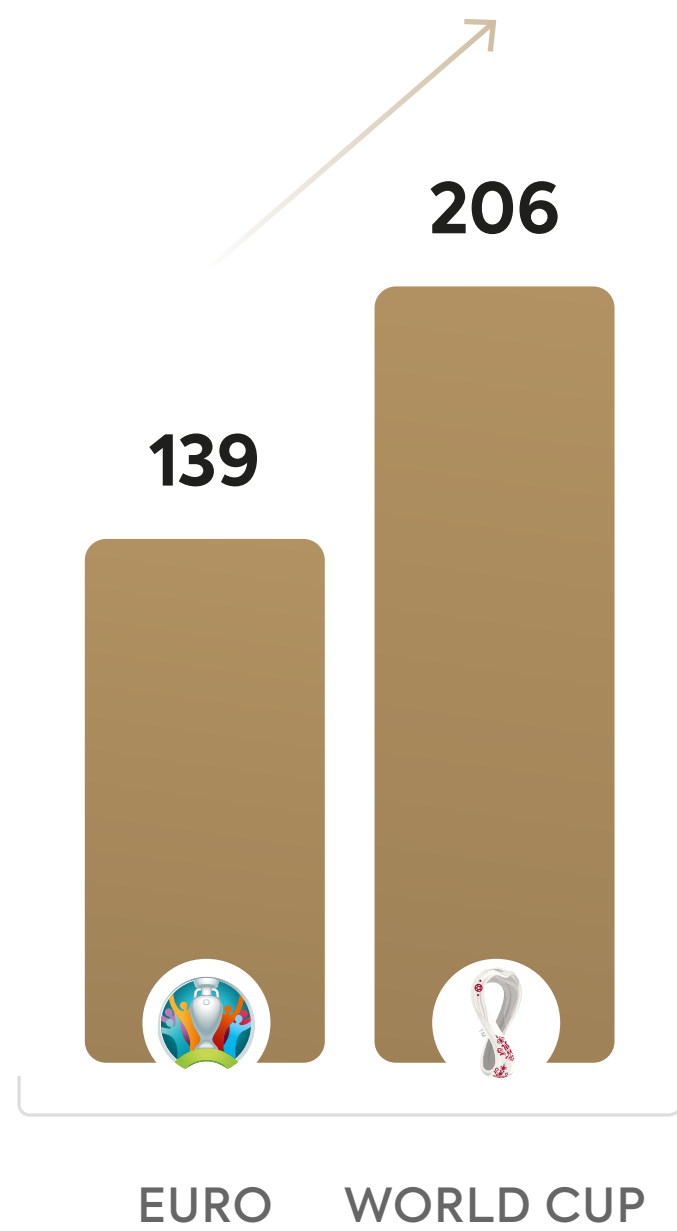




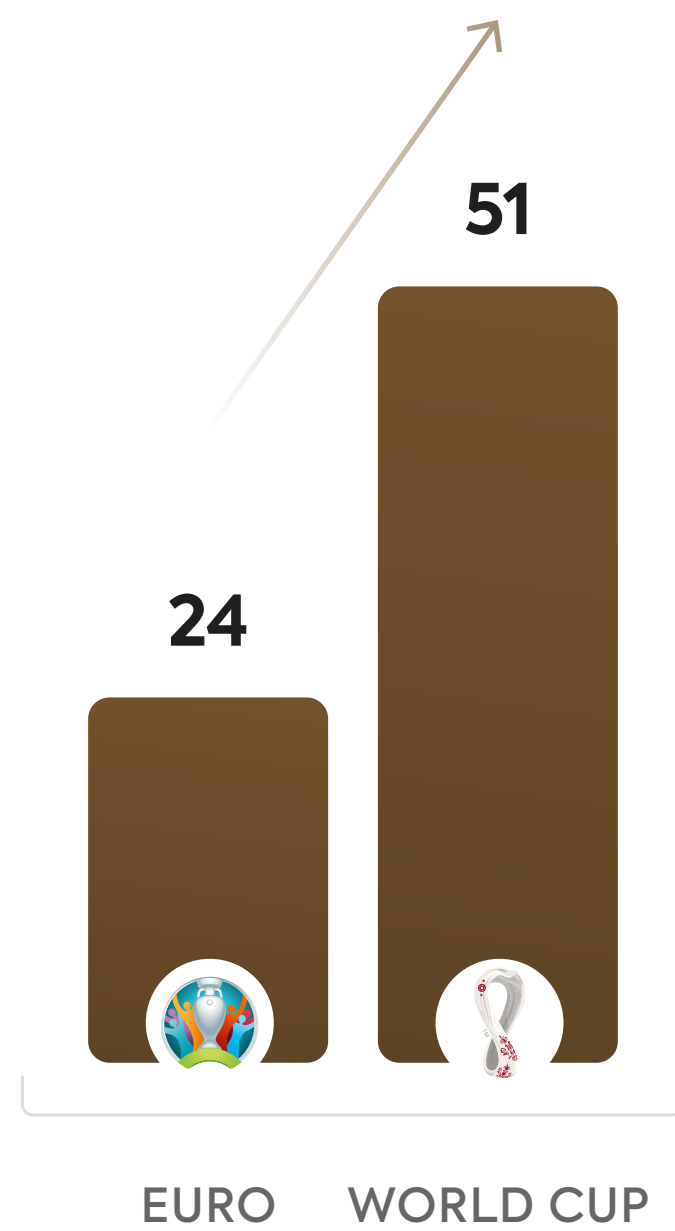
# EURO 2020 vs World Cup 2022



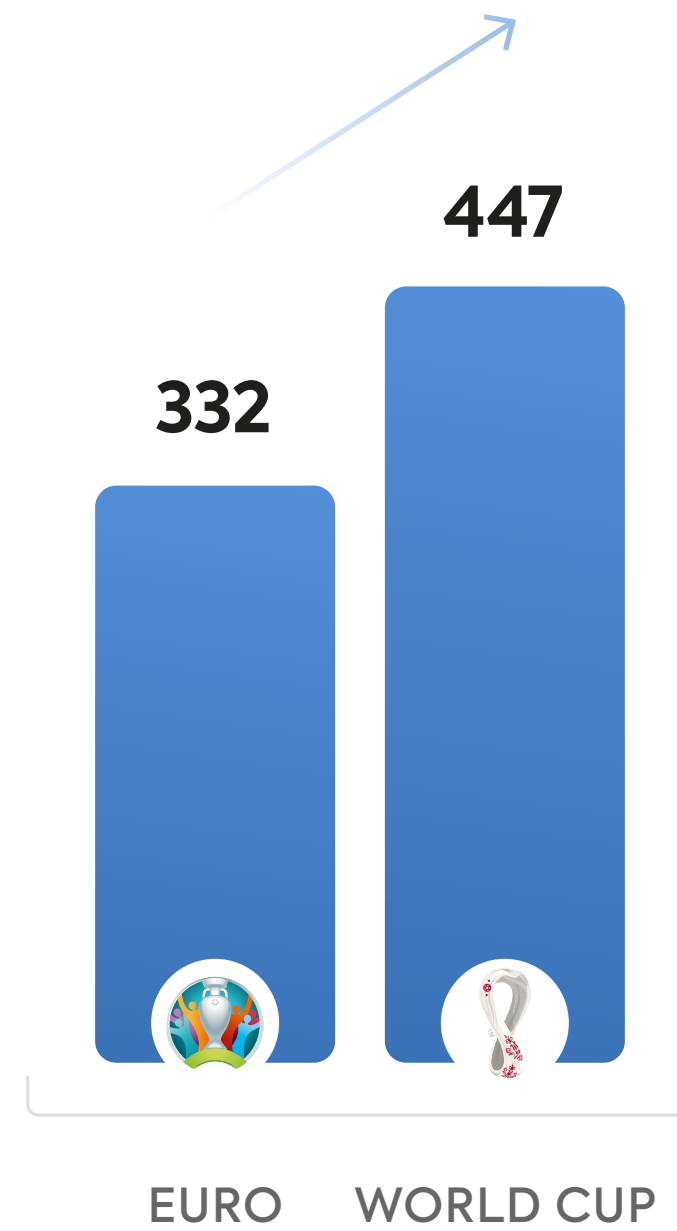
Amounts staked  
(PLN, m)



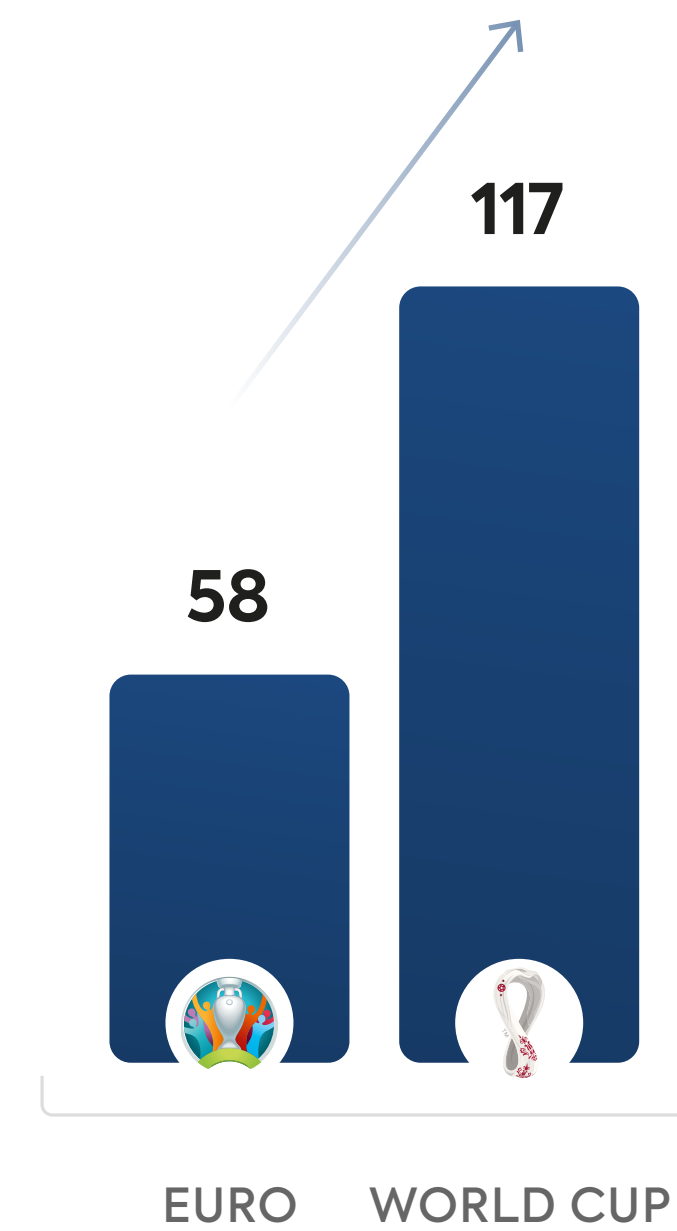
NGR (PLN, m)



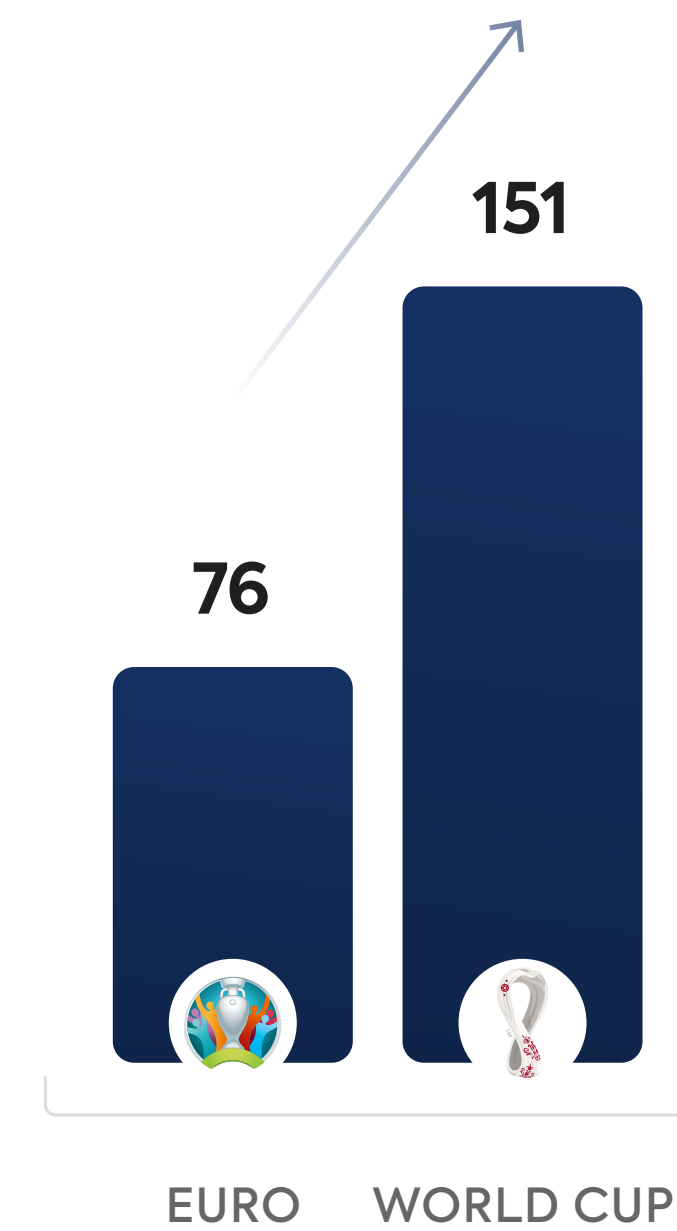
Active users (k)



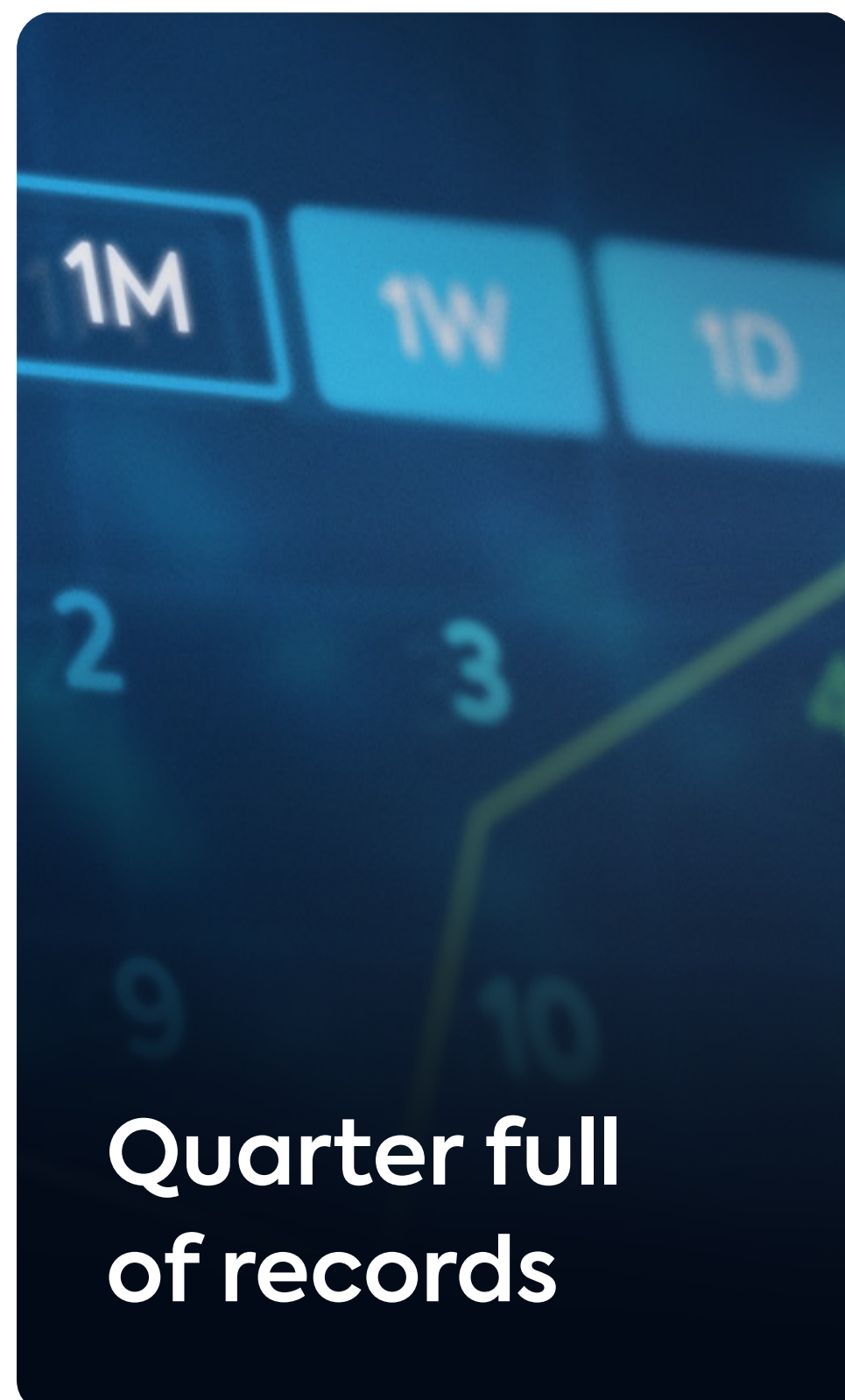
FTD (k)



Registrations (k)



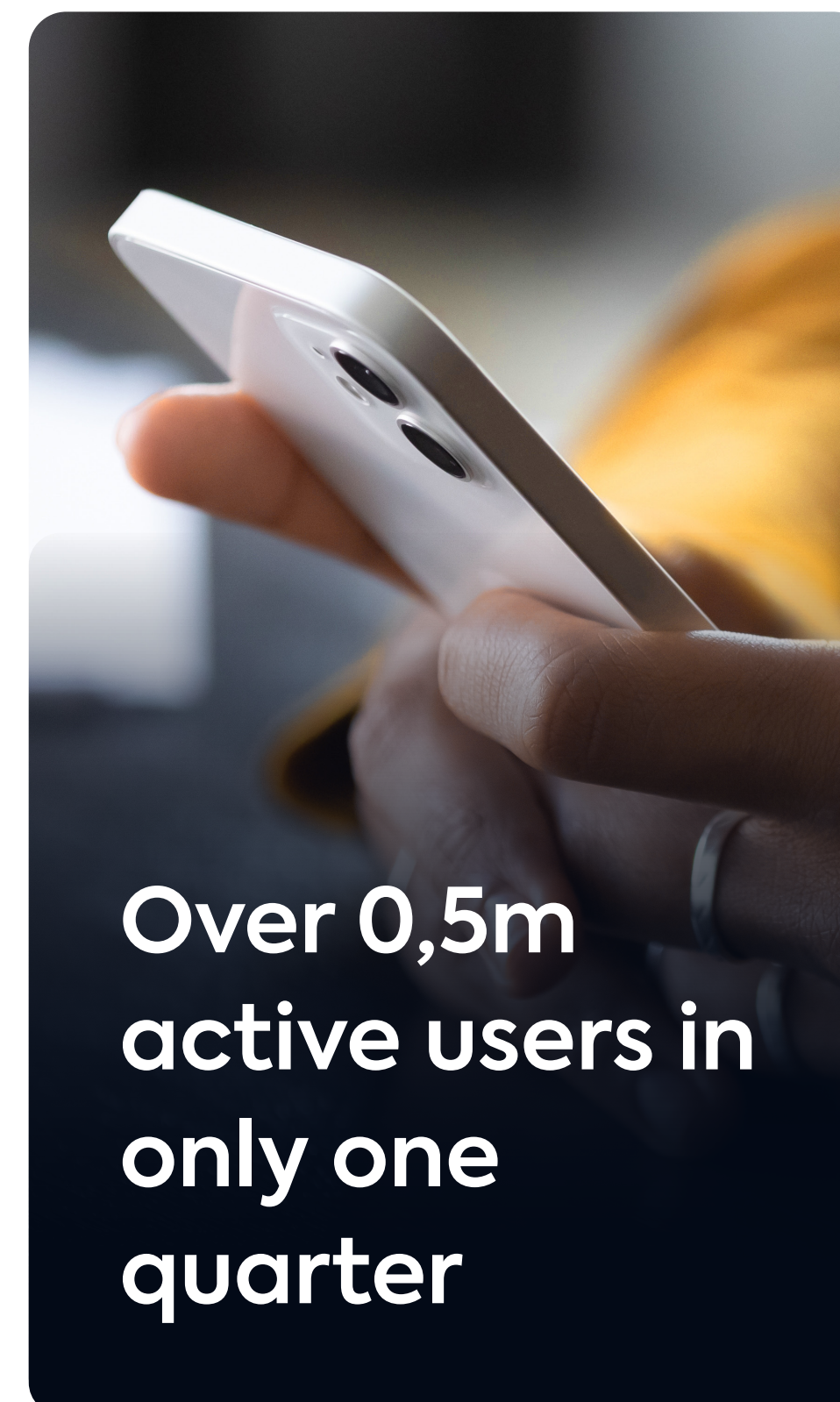
# Key takeaways



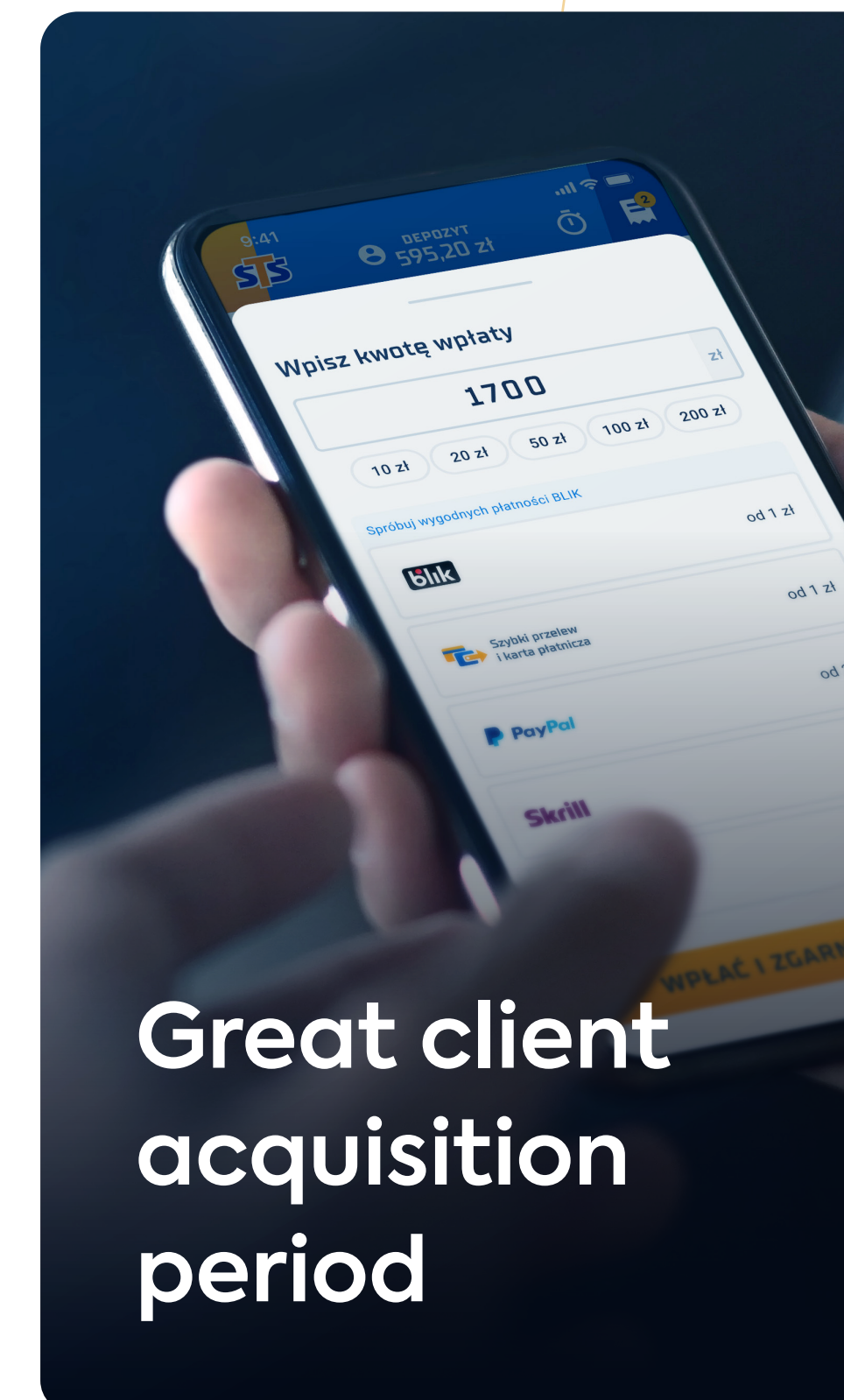
Quarter full  
of records



NGR – PLN  
200m



Over 0,5m  
active users in  
only one  
quarter



Great client  
acquisition  
period

**STS** HOLDING

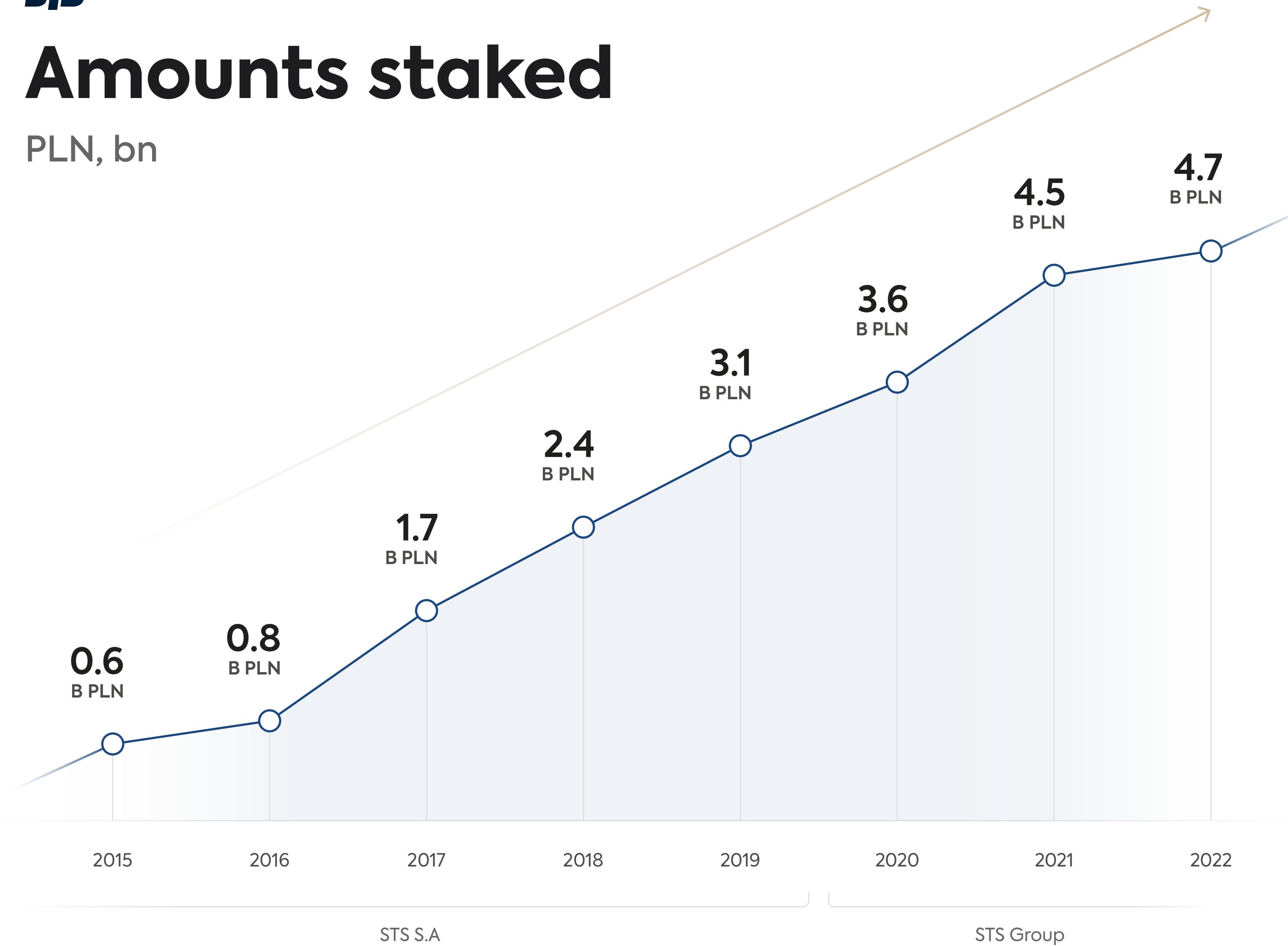
# FY 2022 Results





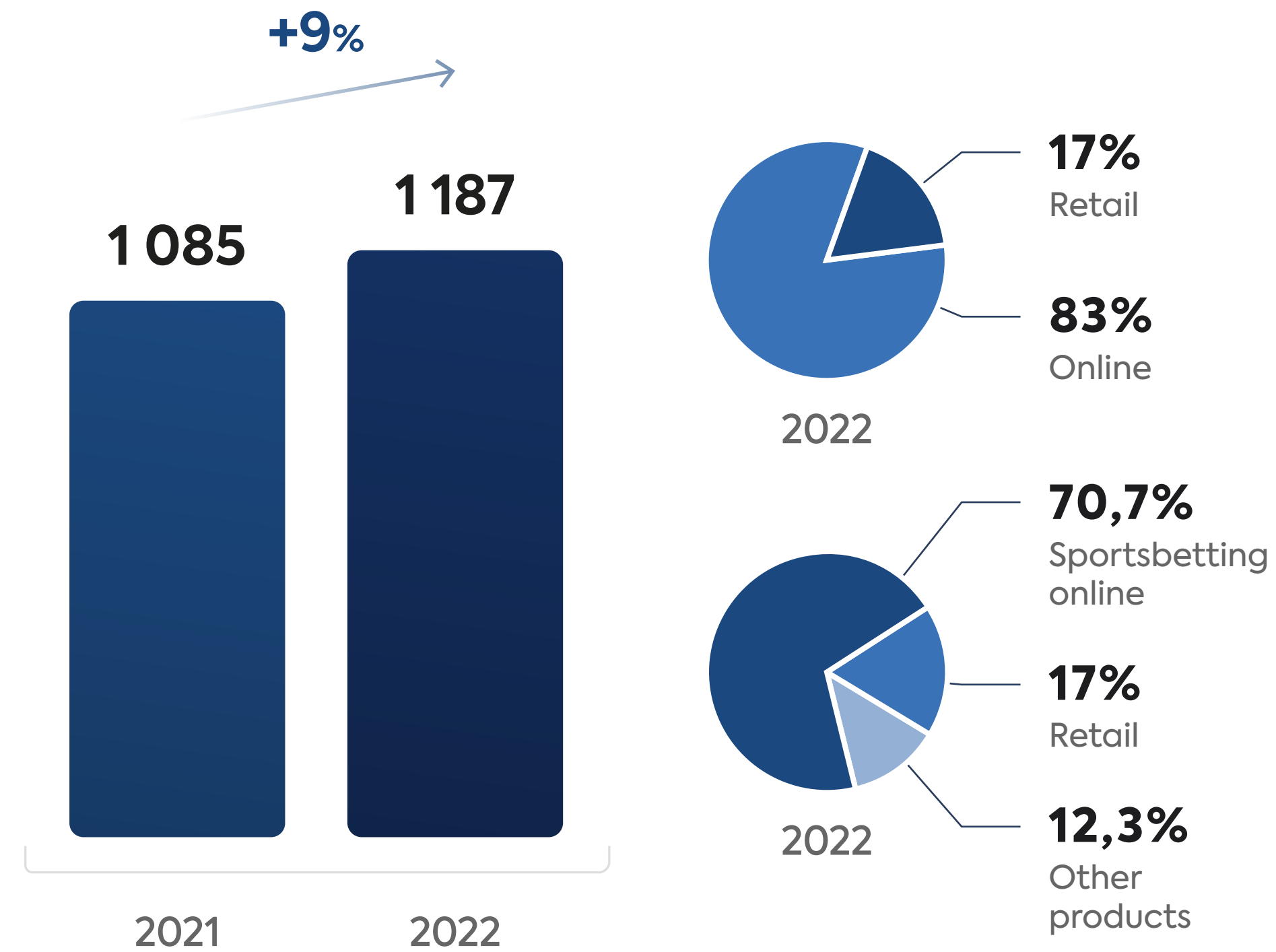
# Amounts staked

PLN, bn



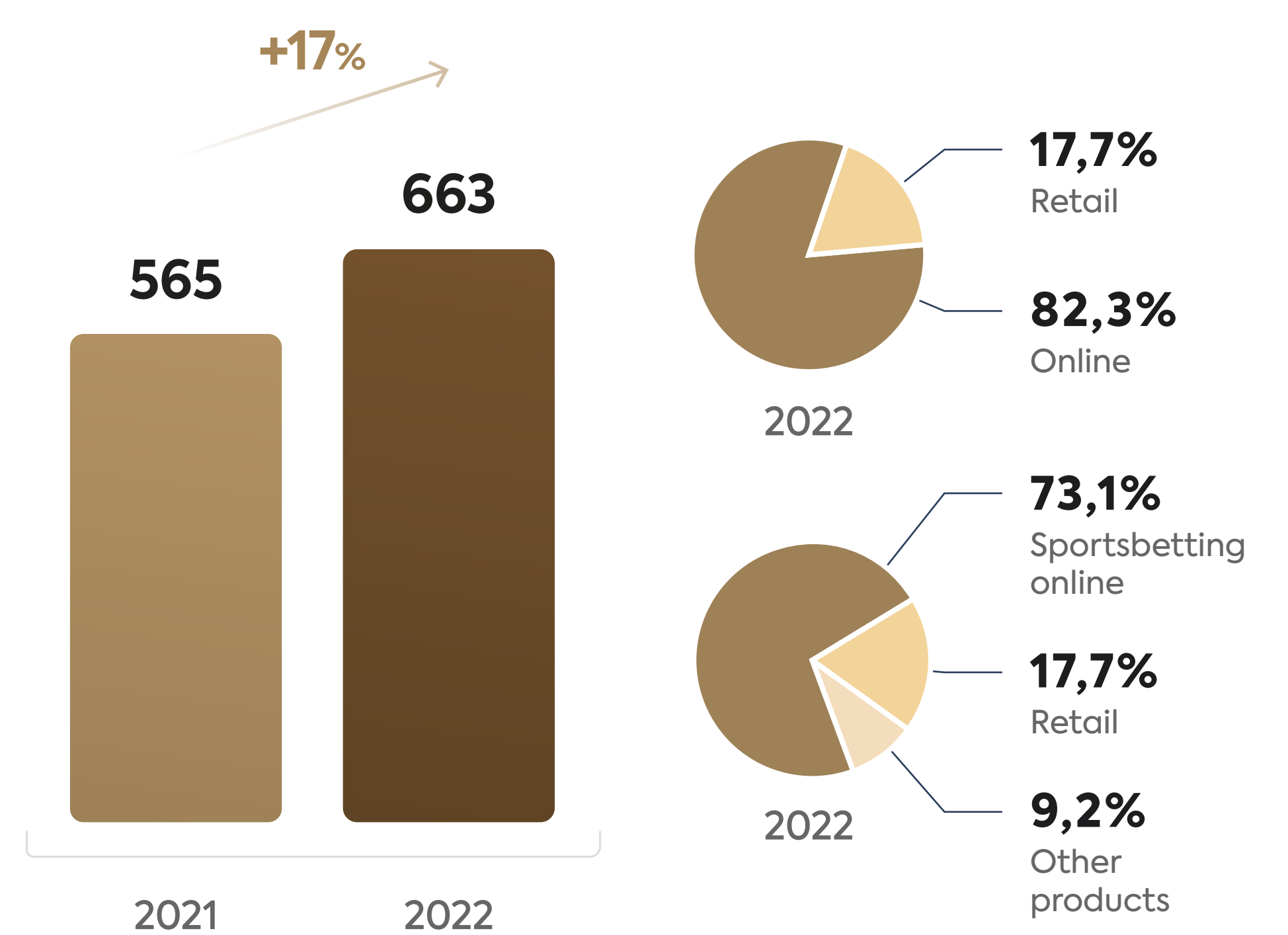
# GGR

PLN, m



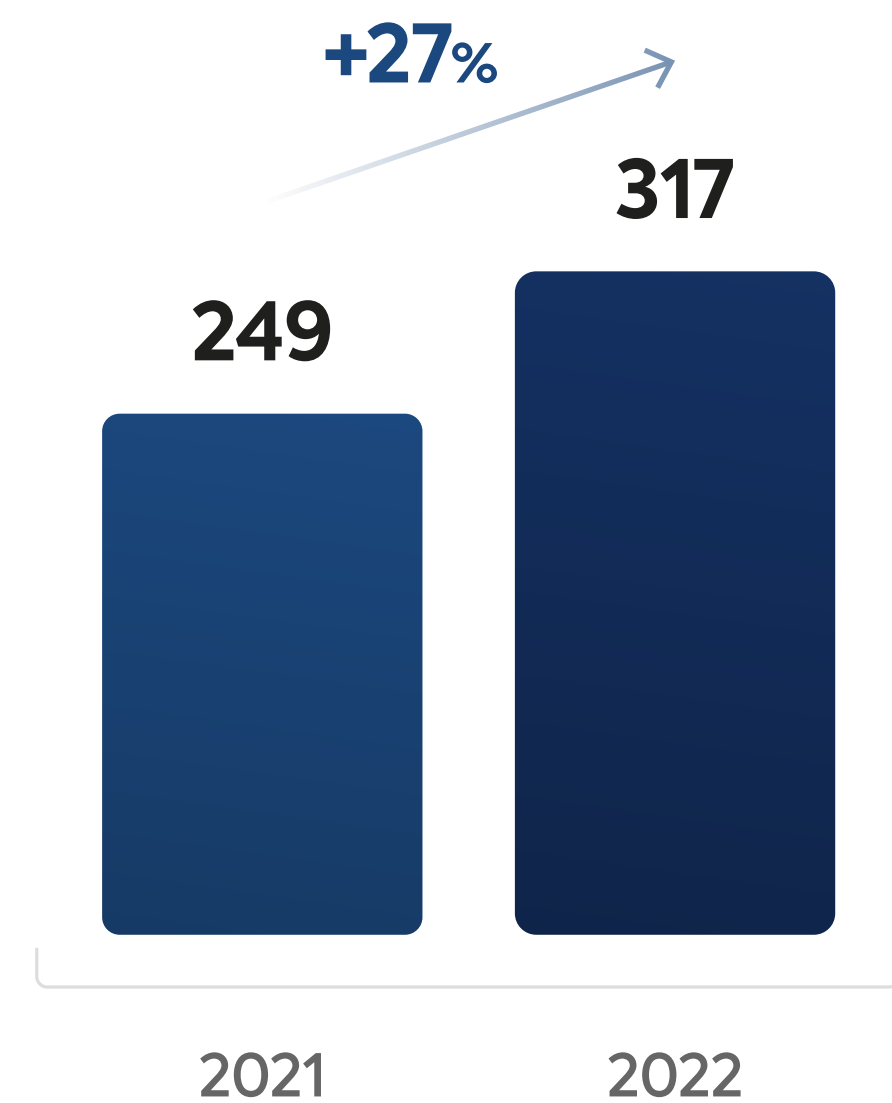
# NGR

PLN, m

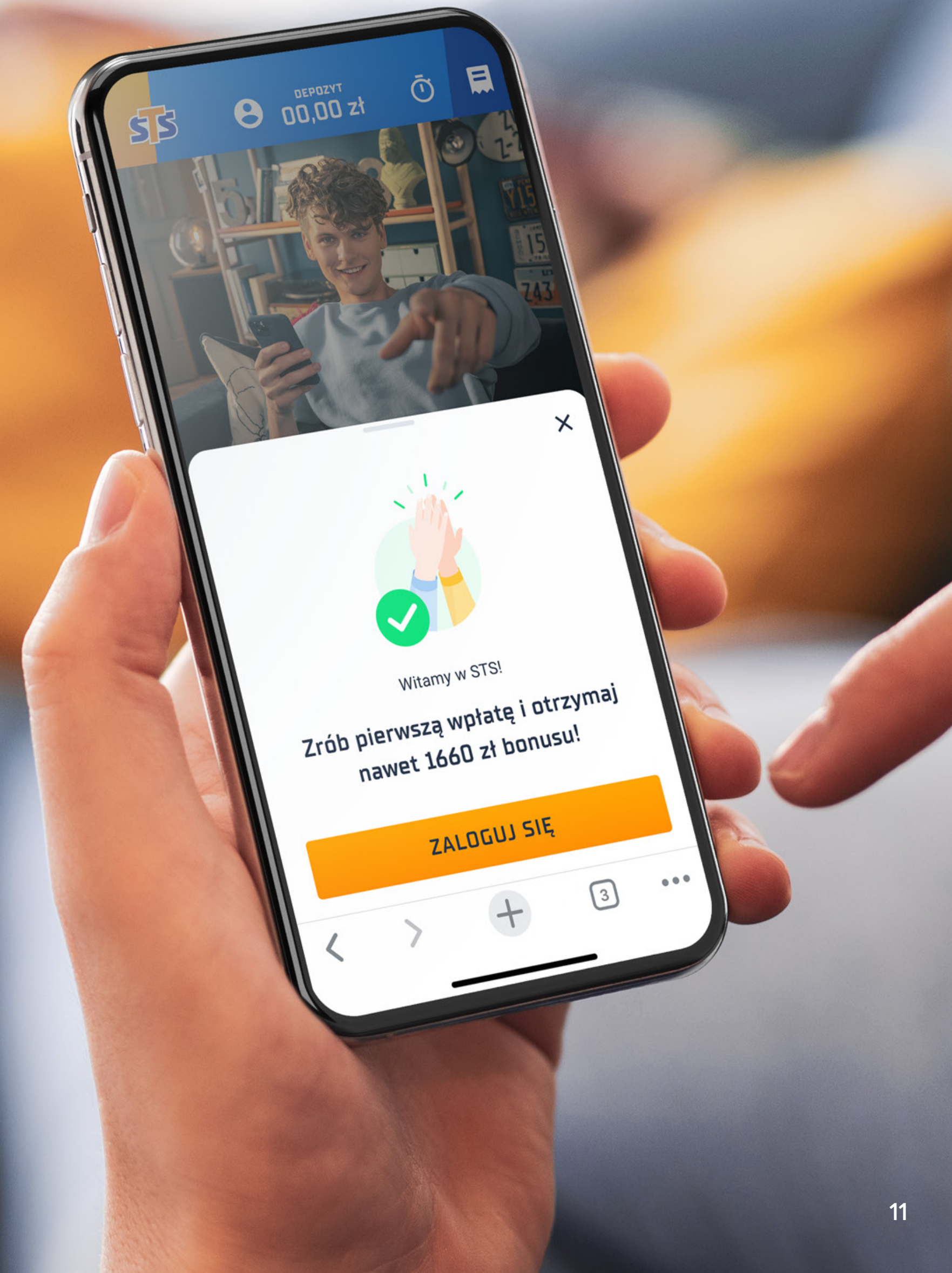
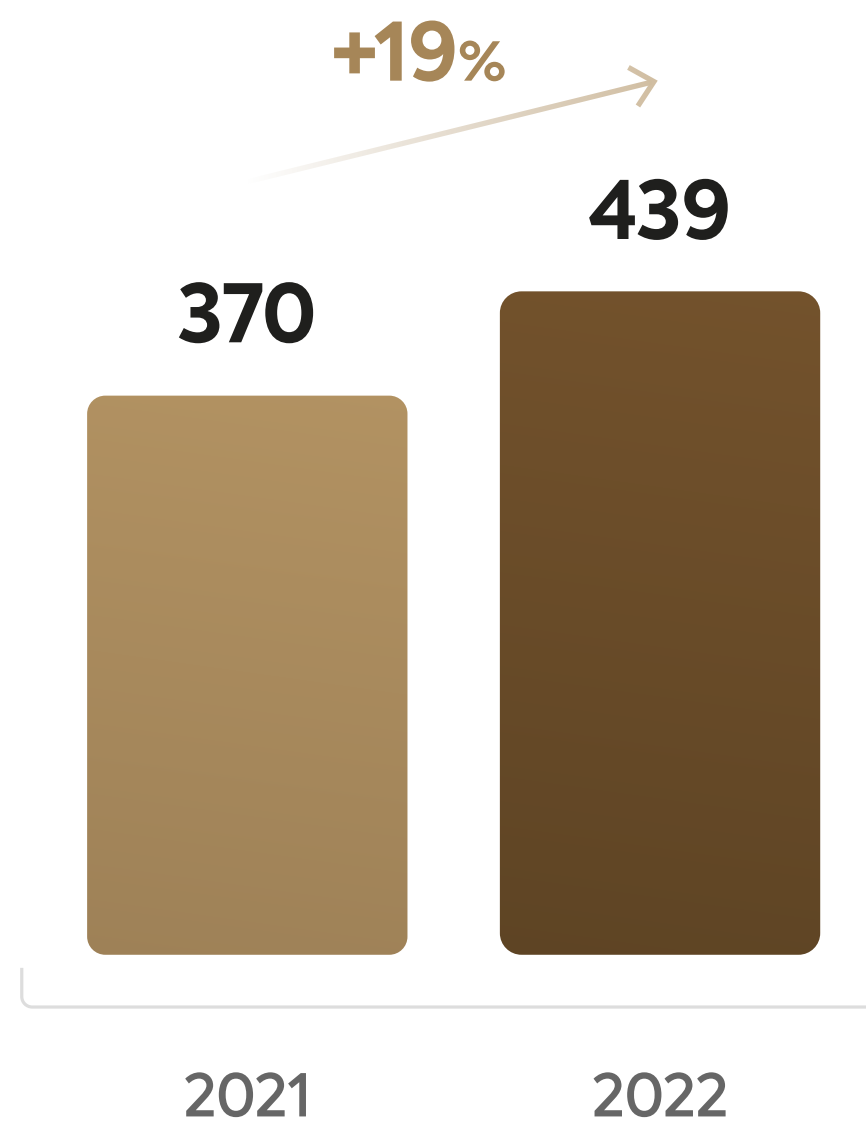


# Operating data

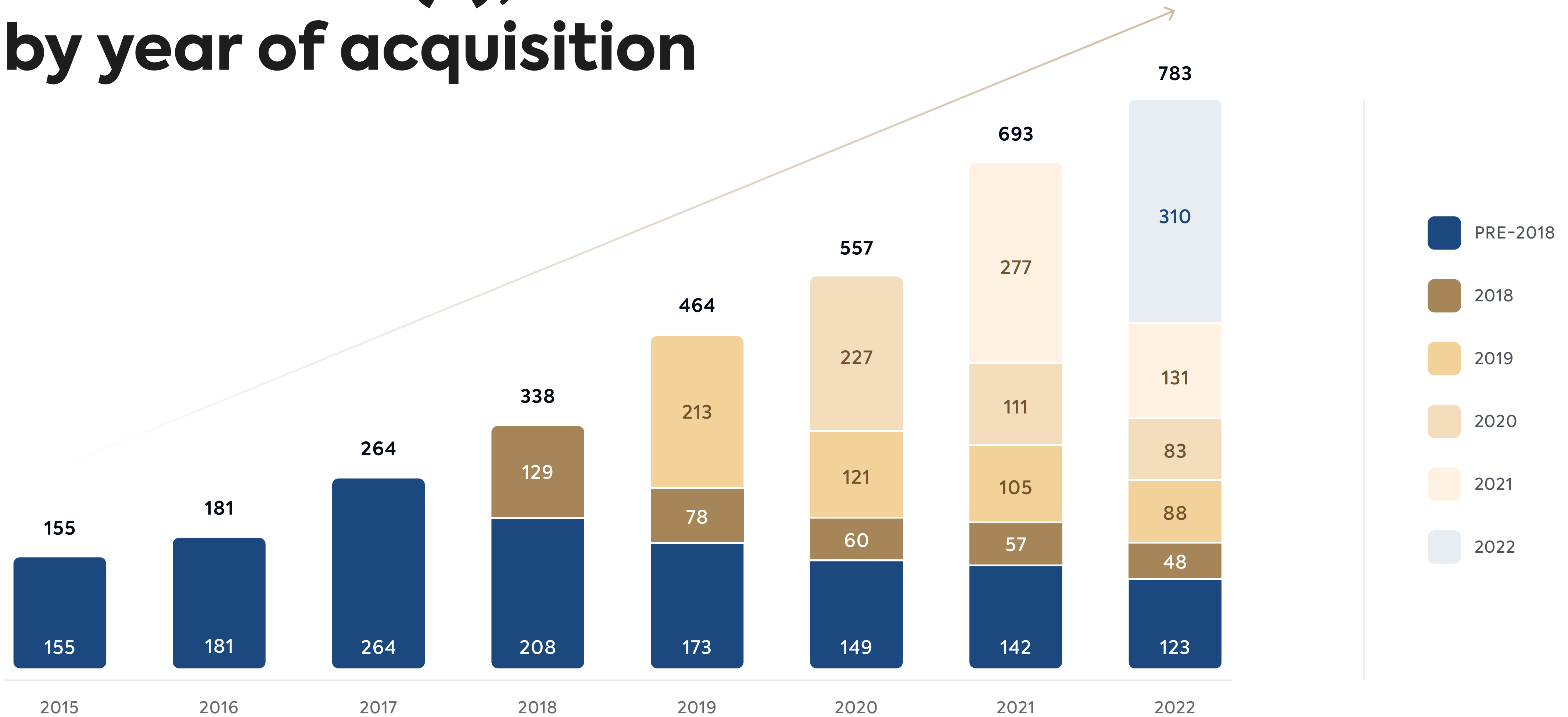
First-time deposit (k)



New registrations (k)



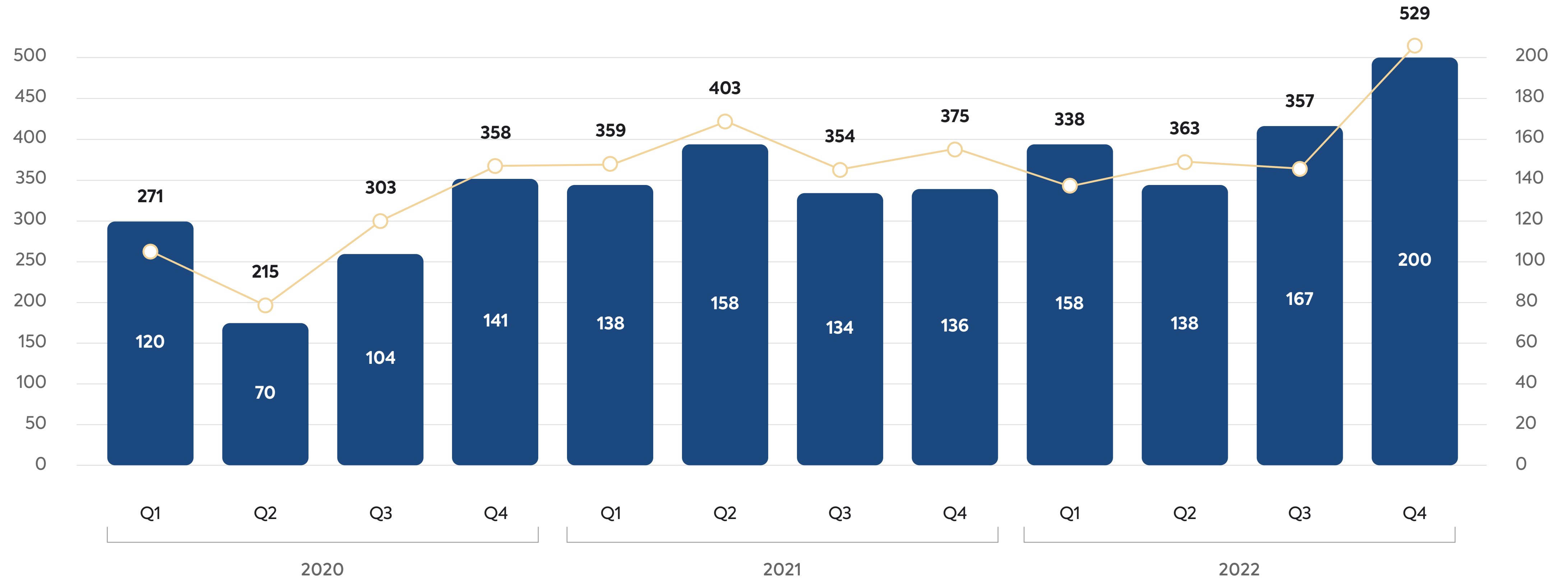
# Active users (k), by year of acquisition



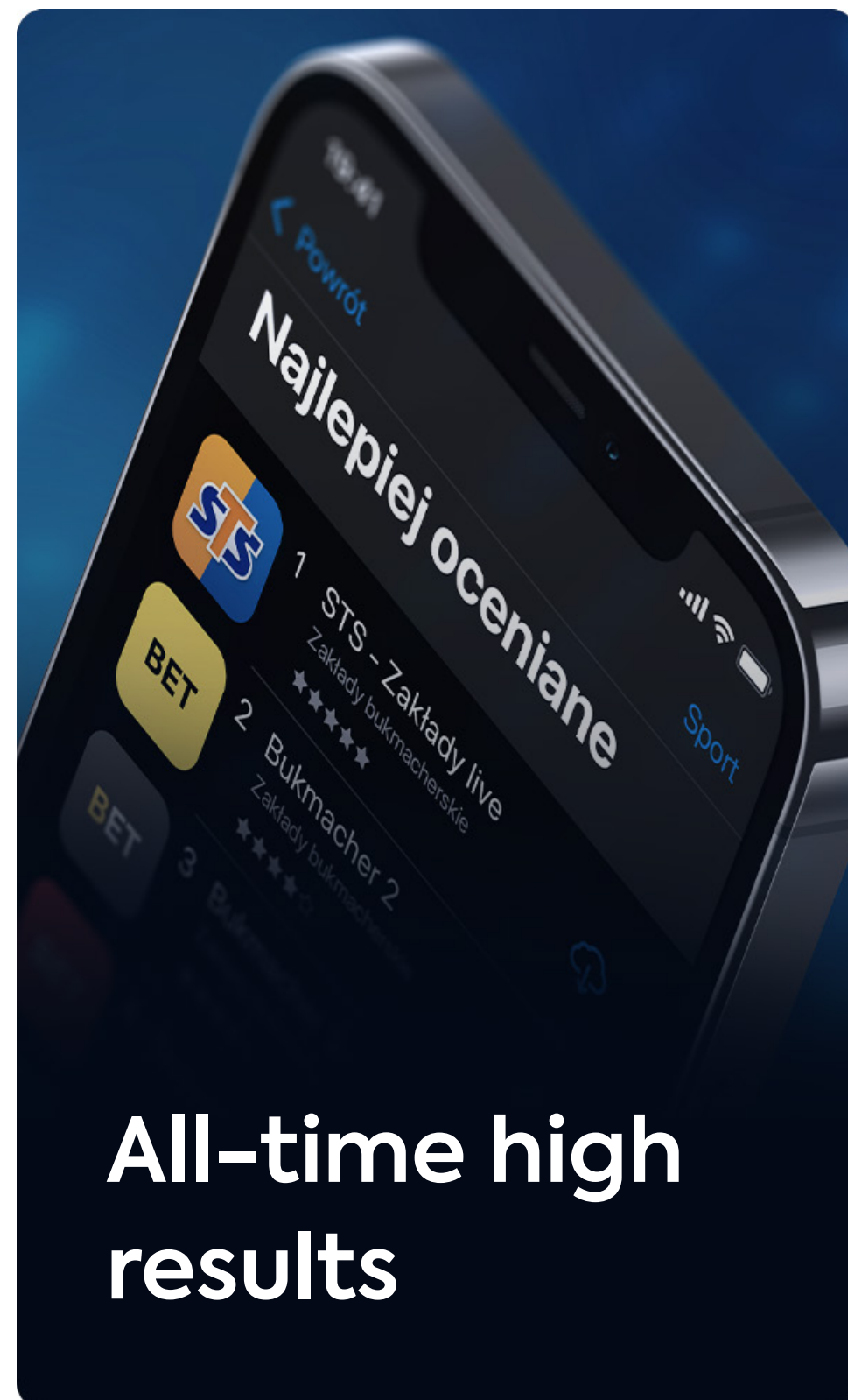
# NGR vs. number of active players

Quarterly NGR and online active users (Q1 2020 – Q4 2022)

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

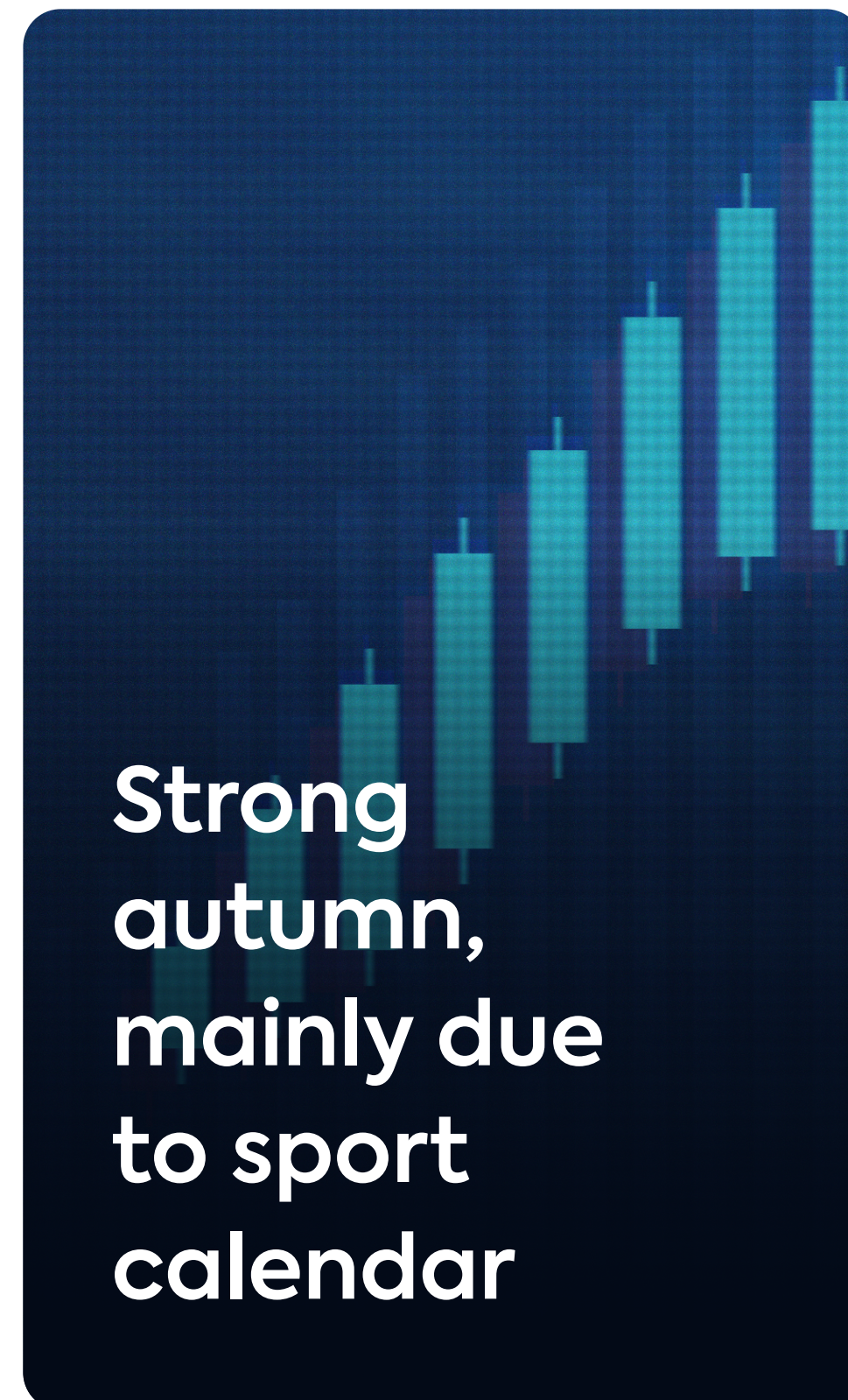


# Key takeaways



A smartphone displaying the STS app interface. The screen shows a section titled "Najlepiej oceniane" (Best rated) with a list of betting options. The first option is "1 STS - Zakłady live" with a 5-star rating. Below it are "2 Bukmacher 2" and "3 Bukmacher 3", both with 4-star ratings. The app also features "STSBET" logos and a "Sport" button.

**All-time high results**



A candlestick chart with teal bars on a dark blue background, showing an upward trend. The text is overlaid on the chart.

**Strong autumn, mainly due to sport calendar**



A hand holding a smartphone displaying the STS app interface. The screen shows a notification for a bonus. At the top, it says "DEPOZYT 600,00 zł". Below that, it says "Moje bonusy" and "Jak działają bonusy". There are tabs for "Aktywny", "Dostępne 0", and "Historia". A green checkmark icon is shown next to a gift box icon. The text reads "Gratulacje! Udało Ci się spełnić warunki obrotu bonusem. Wygrywasz: 1 139,48 zł". A yellow button at the bottom says "Sprawdź dostępne bonusy".

**Entering 2023 with high customer base**



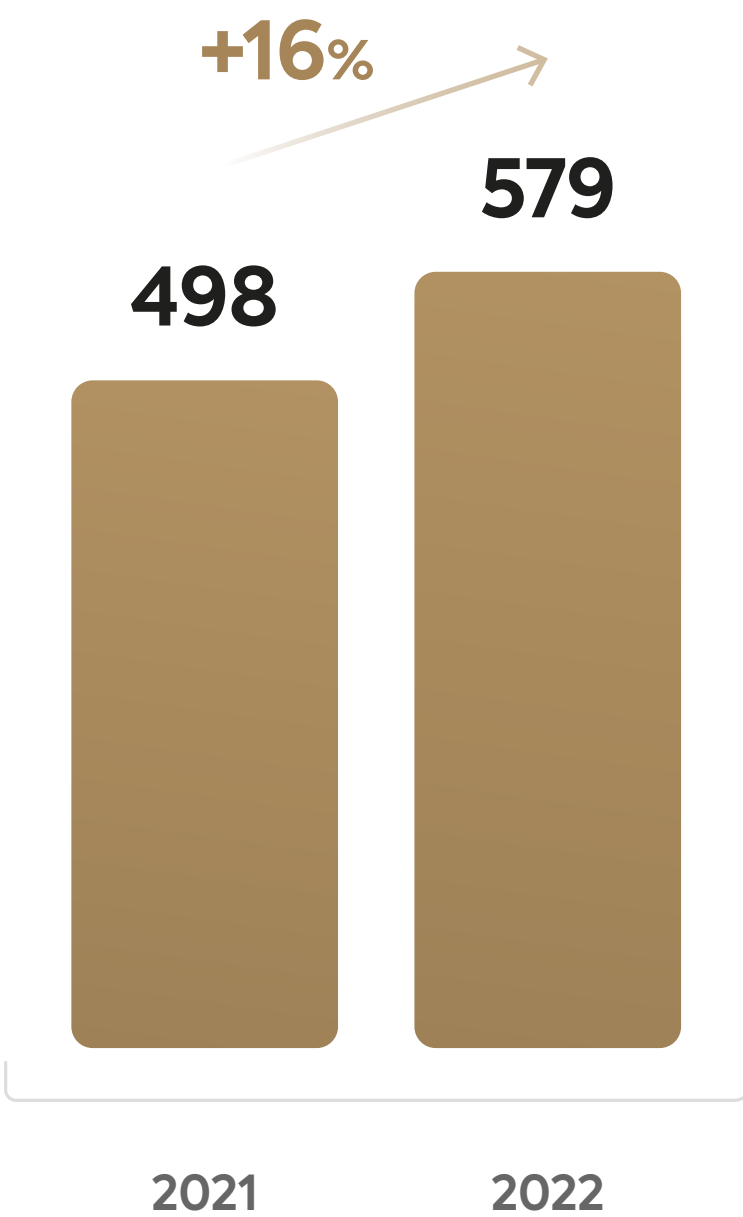
# **FY 2022 Financial update**



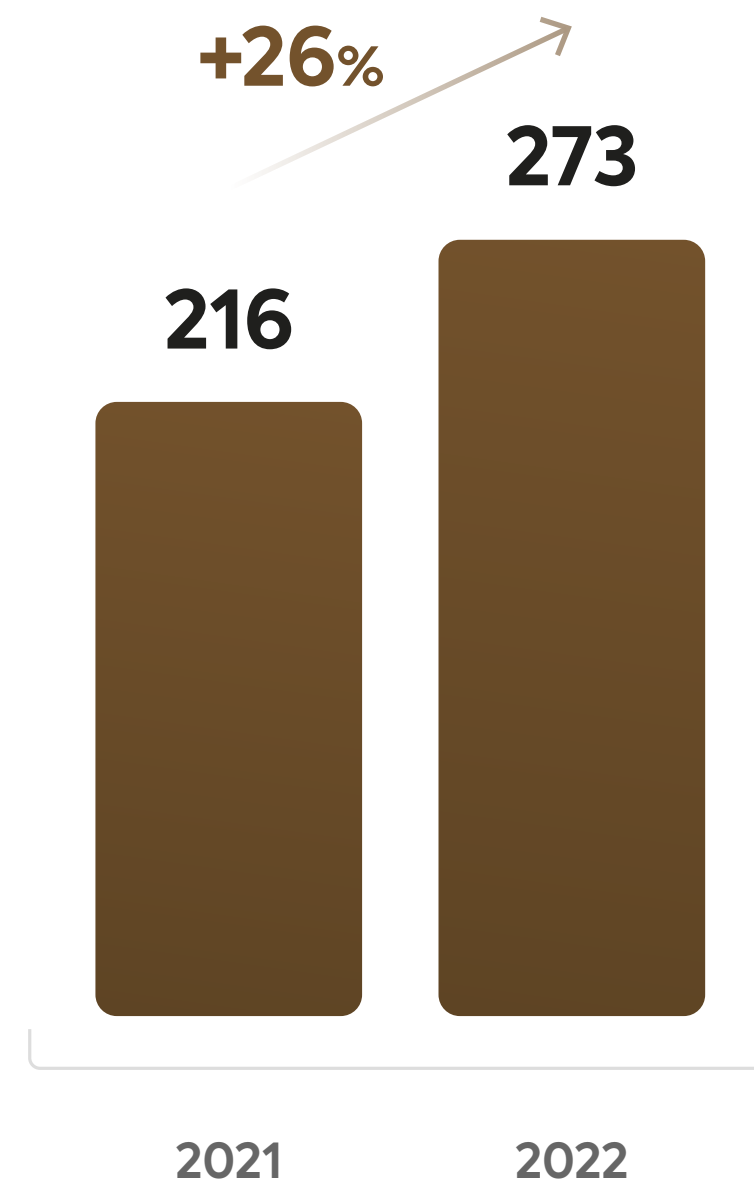
# Financial highlights

PLN, m

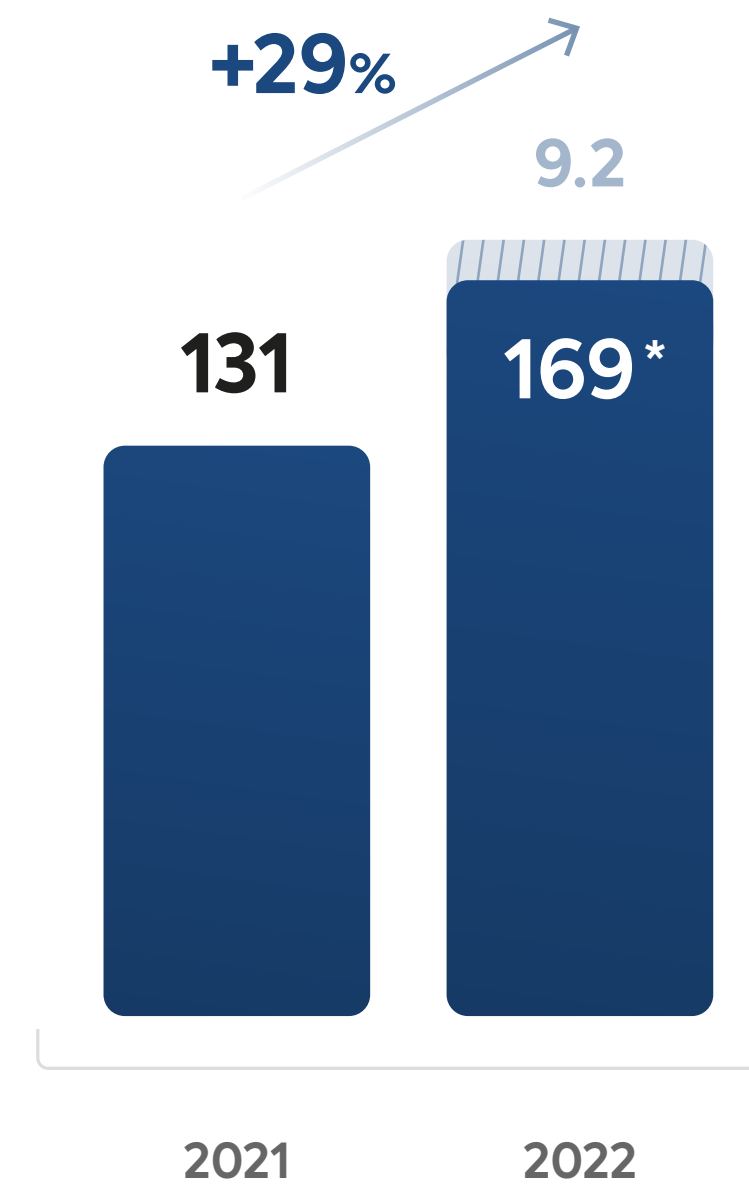
IFRS Revenues



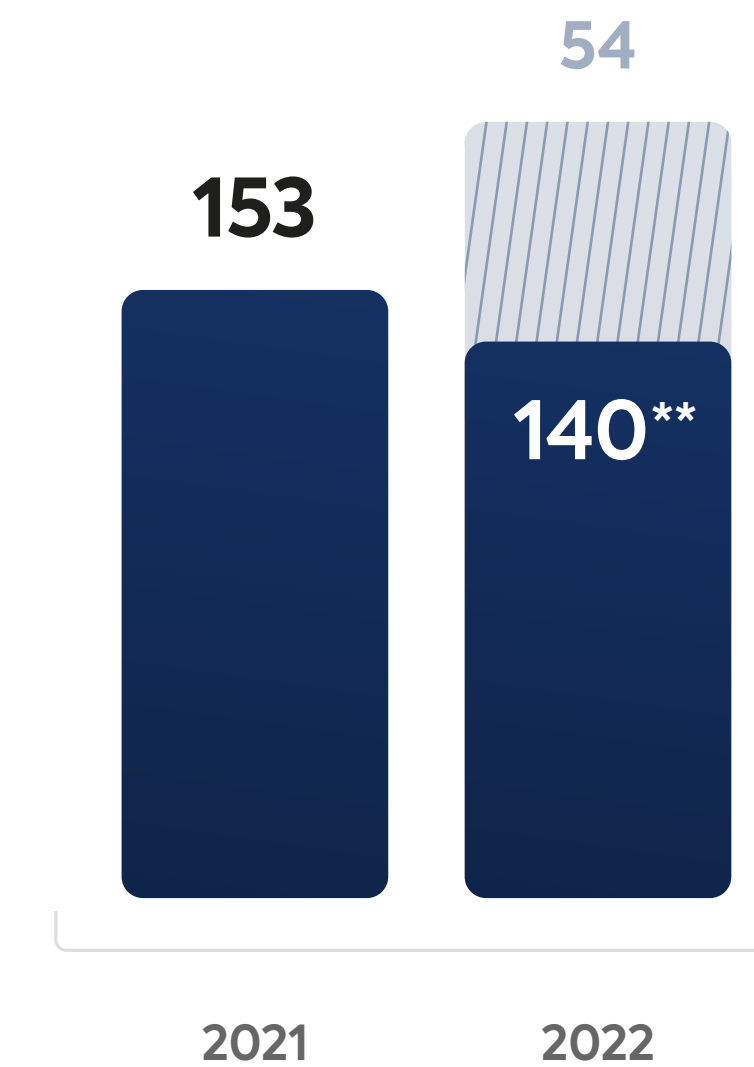
Adj. EBITDA



Net profit STS Group



Net profit STS S.A.



\* after book reserve - PLN 9,2m    \*\* after the write-down regarding limiting of STS.Bet Ltd. activities - PLN 45m + after book reserve - PLN 9,2m, total - PLN 54m



# FY 2022 financial results

## NGR to EBITDA breakdown

PLNm	2022	2021	(PLNmΔ)	(%)
<b>NGR</b>	<b>663</b>	<b>565</b>	<b>98</b>	<b>17%</b>
Less: Bonuses provided to customers	84	68	16	24%
<b>IFRS Revenue</b>	<b>579</b>	<b>498</b>	<b>82</b>	<b>16%</b>
Consumption of materials and energy	11	10	1	14%
External services	200	183	17	9%
Employee payroll & benefits	93	86	7	8%
Other miscellaneous costs	2,14	2,62	-0,48	-18%
<b>Adjusted EBITDA</b>	<b>273</b>	<b>216</b>	<b>57</b>	<b>26%</b>
<b>% of NGR</b>	<b>41,2%</b>	<b>38,2%</b>		

PLN 263 mln capital reserves including cash PLN 223 mln and unused bank credit facilities PLN 40 mln.

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

## Cash flow generation

PLNm	2022	2021
<b>Adjusted EBITDA</b>	<b>273</b>	<b>216</b>
% of NGR	41,2%	38%
Capex <sup>1</sup>	32	15
<b>FCF (EBITDA–Capex)</b>	<b>241</b>	<b>201</b>
% cash conversion <sup>2</sup>	88%	93%

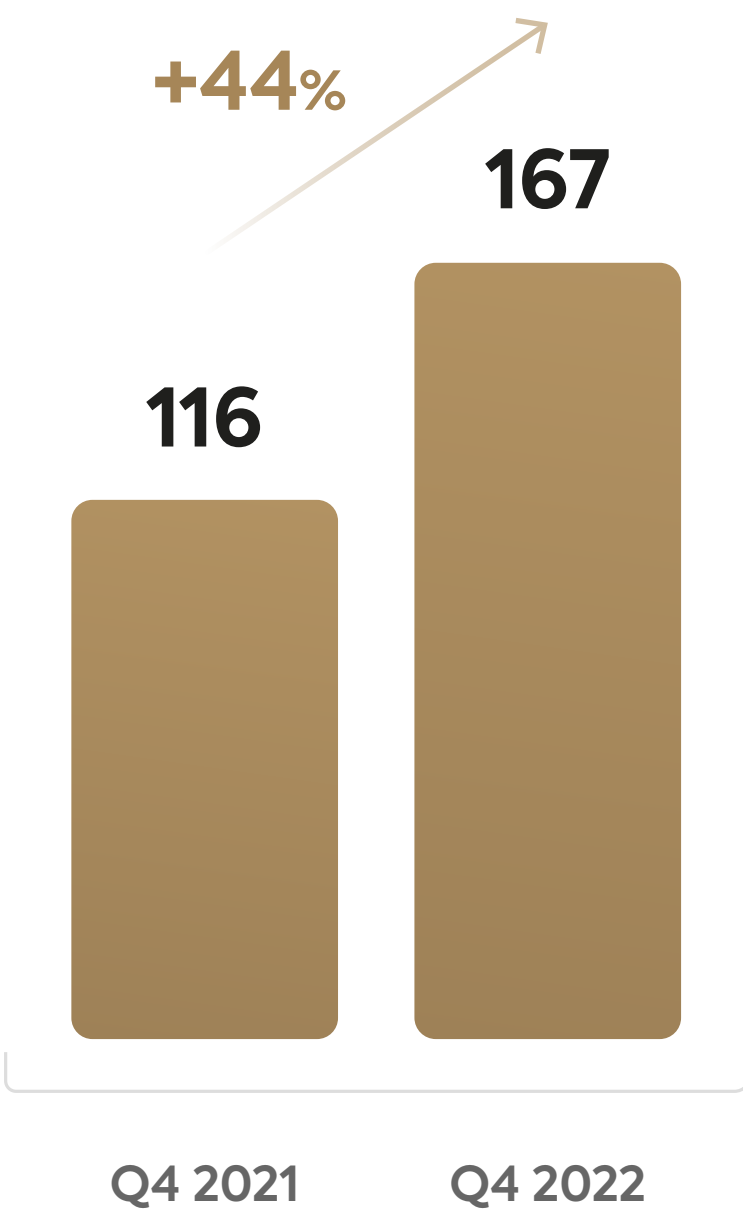
## Balance sheet

PLNm	2022	2021
Cash & cash equivalents	223	146
Net operating working capital <sup>3</sup>	-119	-102
Total assets	357	267
Total liabilities	170	161
Total equity	187	105

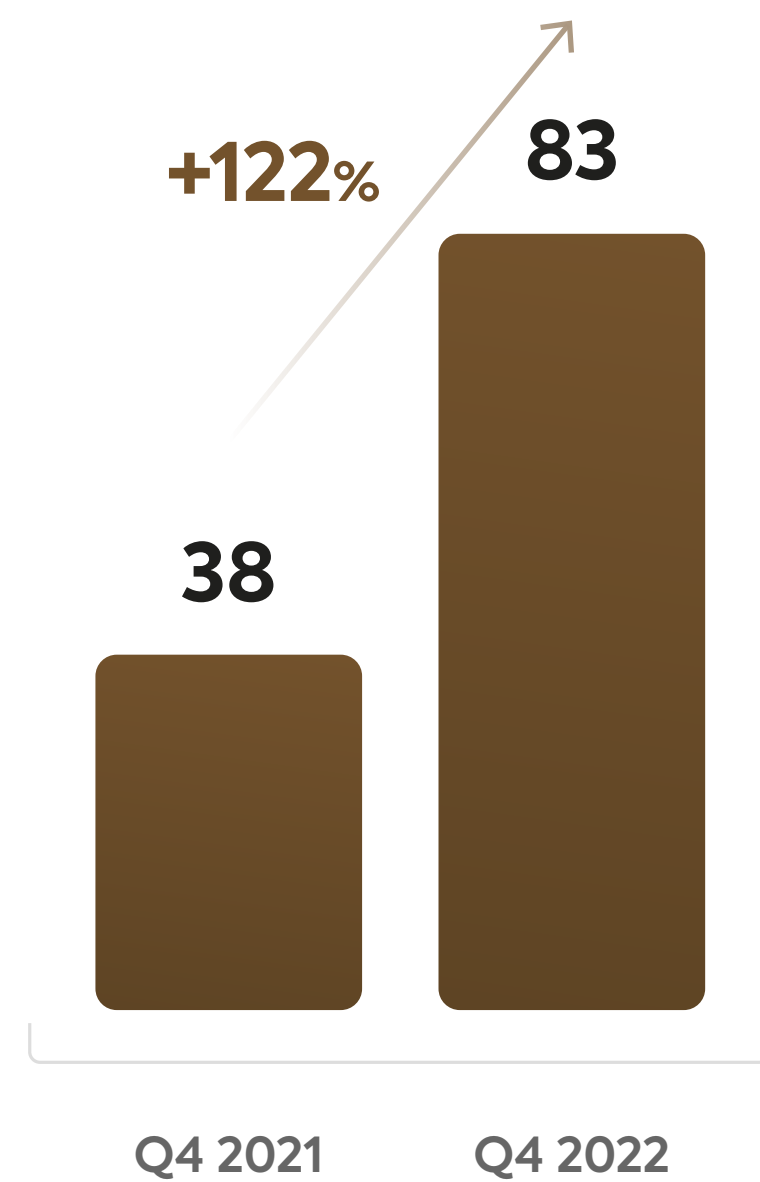
# Q4 2022 financial highlights

PLN, m

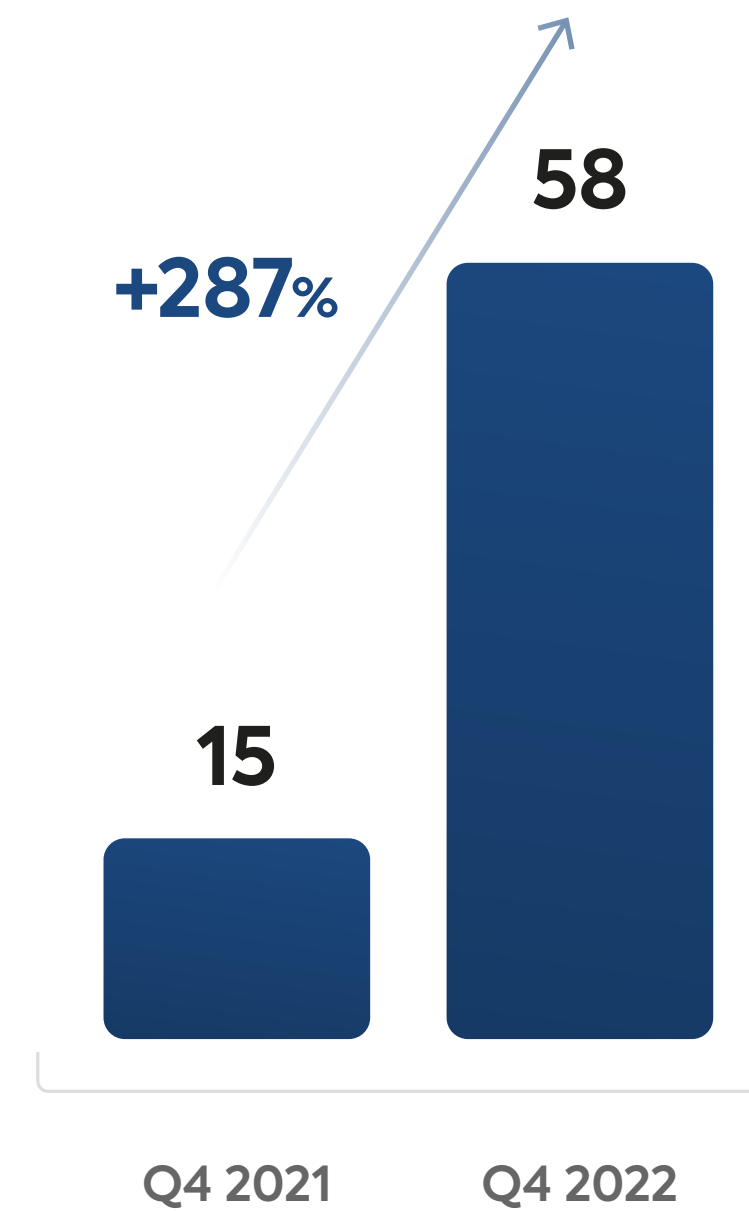
IFRS Revenues



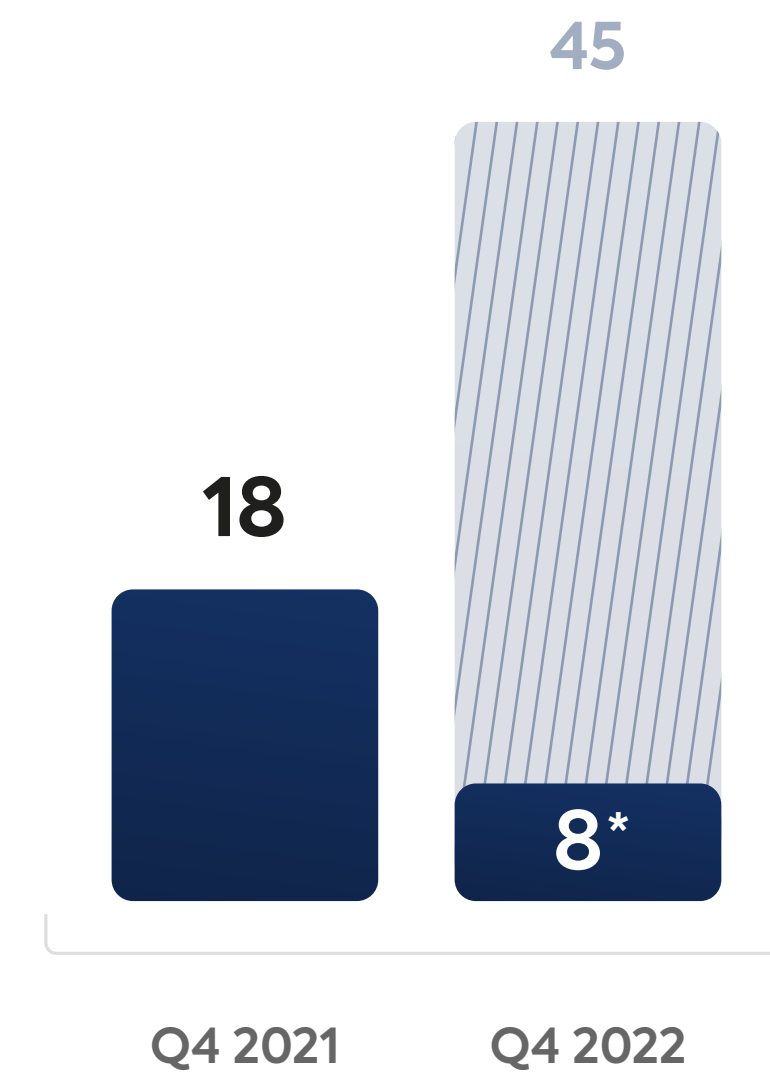
Adj. EBITDA



Net profit STS Group



Net profit STS S.A.



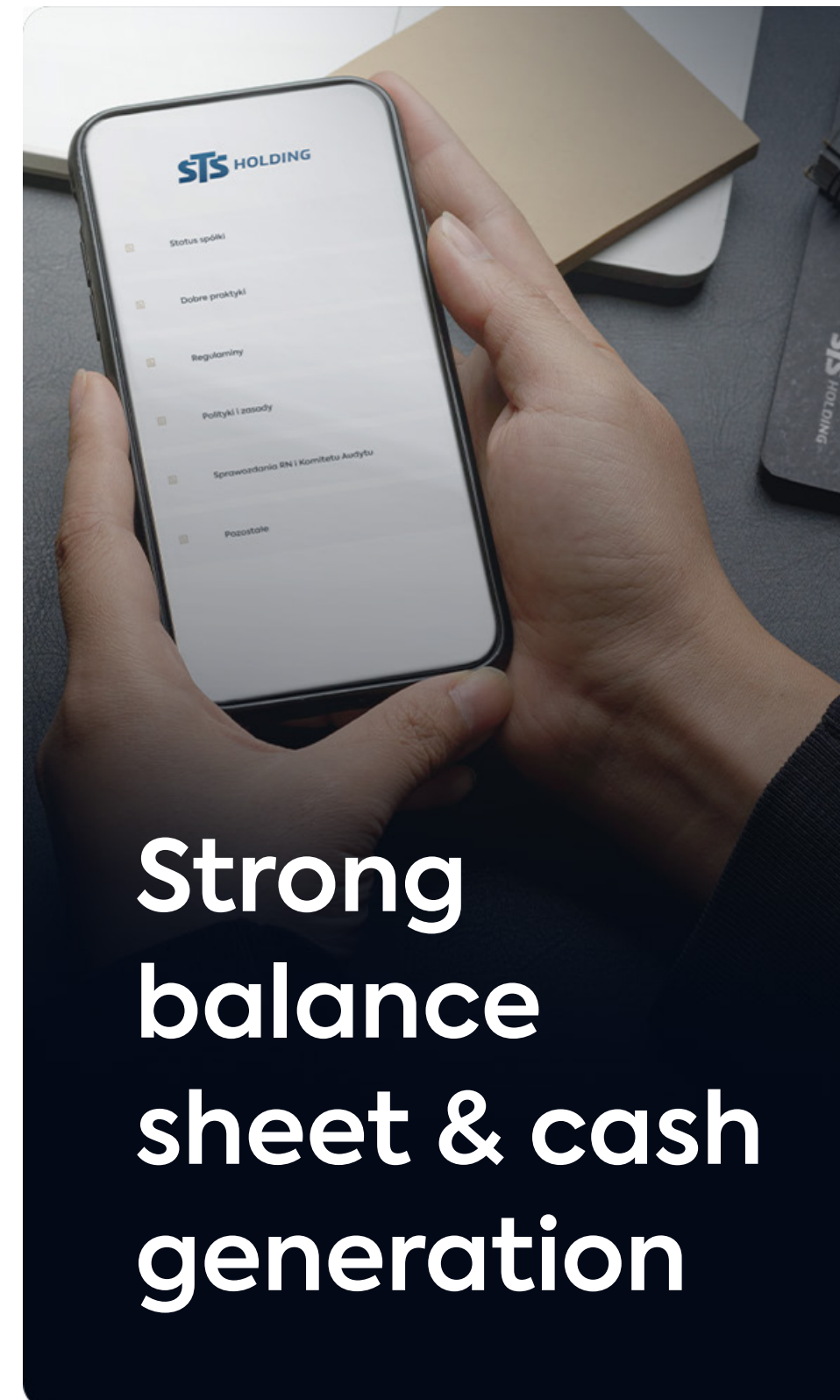
\* after the write-down regarding limiting of STS.Bet Ltd. activities - PLN 45m

# Key takeaways

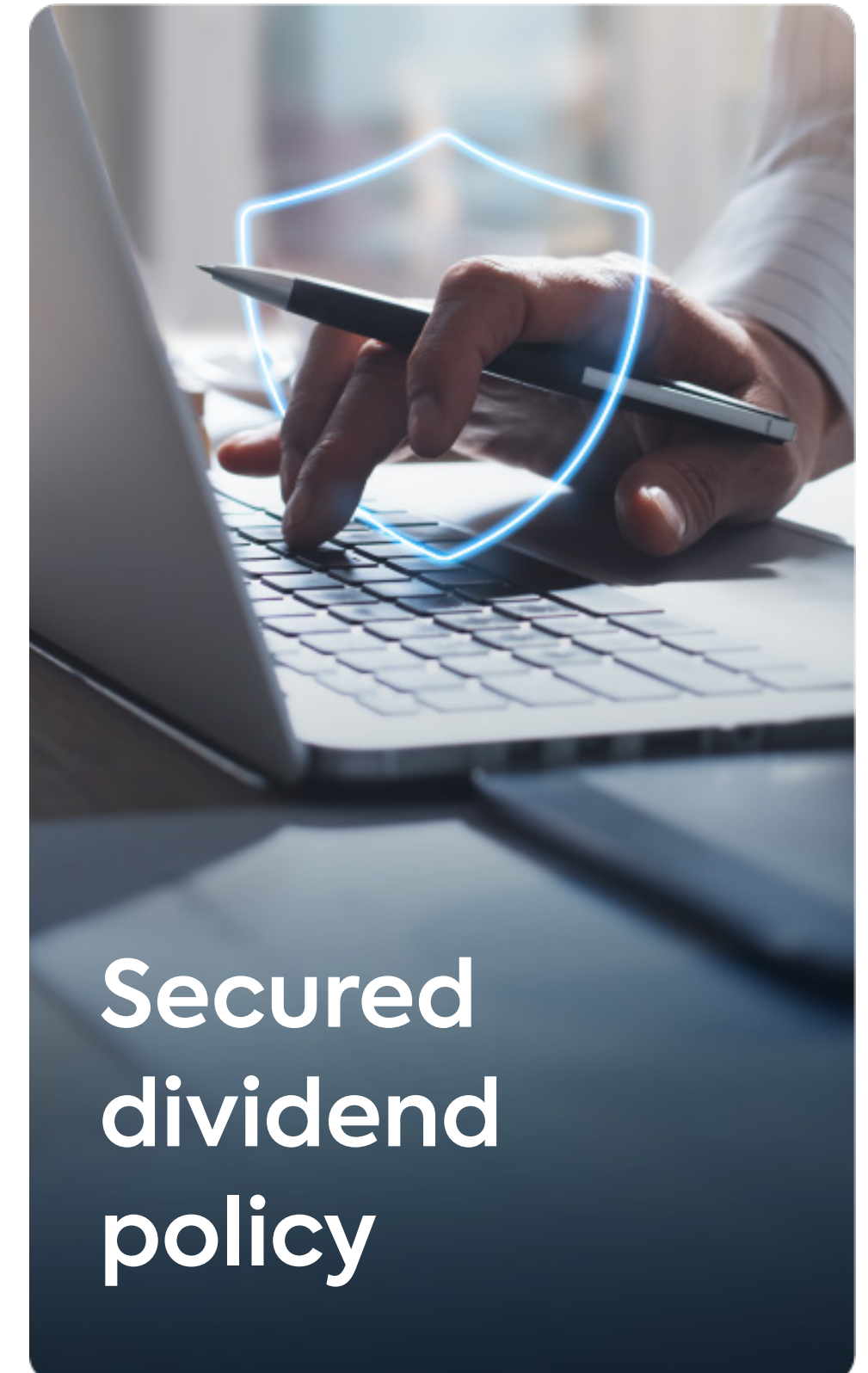
**Growing NGR,  
EBITDA and  
margin**



**Strong  
balance  
sheet & cash  
generation**



**Secured  
dividend  
policy**



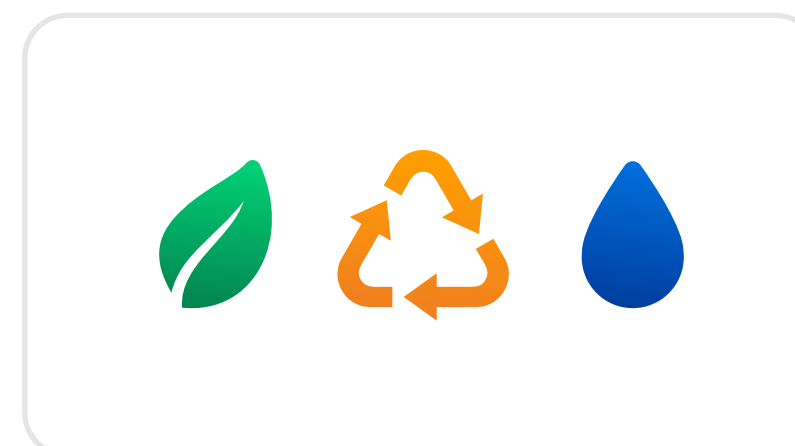
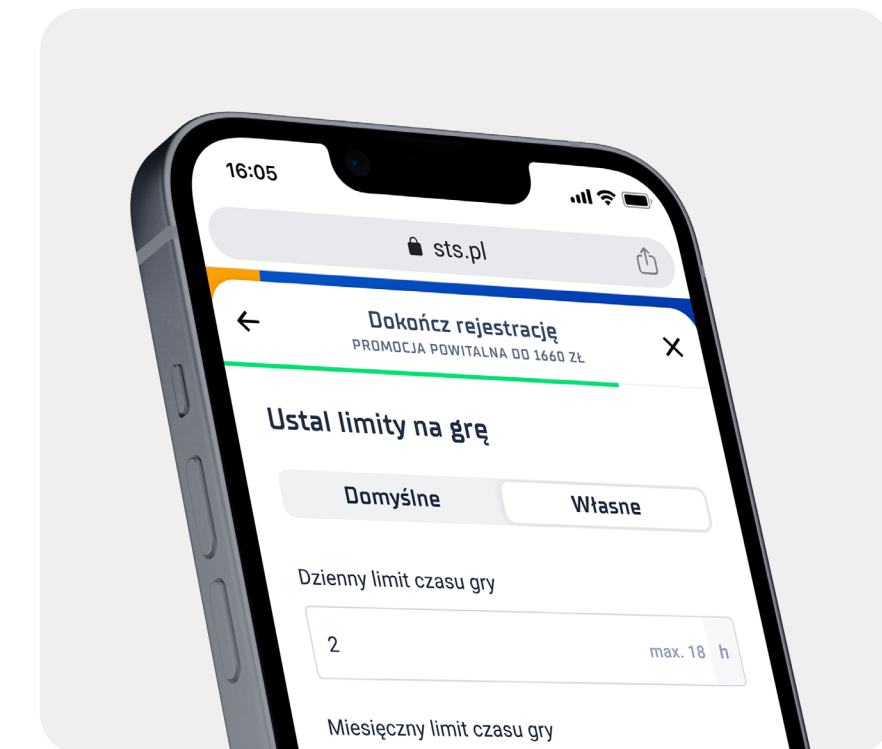
**STS** HOLDING

# ESG & non-financial KPI's



# ESG summary

- ✓ Responsible gambling: Mentor tool & cooperation with University of Economics in Katowice
- ✓ Green energy: 100% in STS S.A.
- ✓ Sport Is Your Chance Foundation
- ✓ Employee NPS: 12

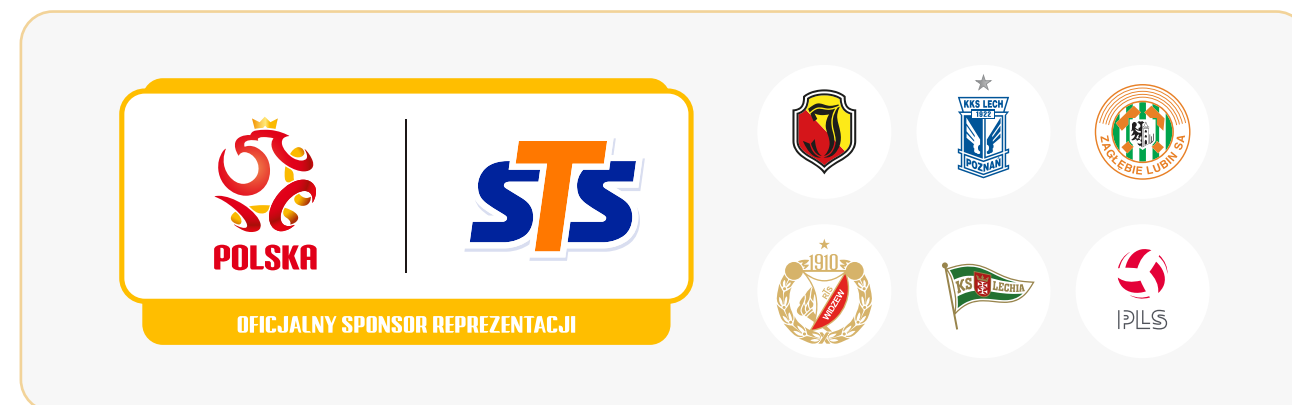


# Strong marketing position

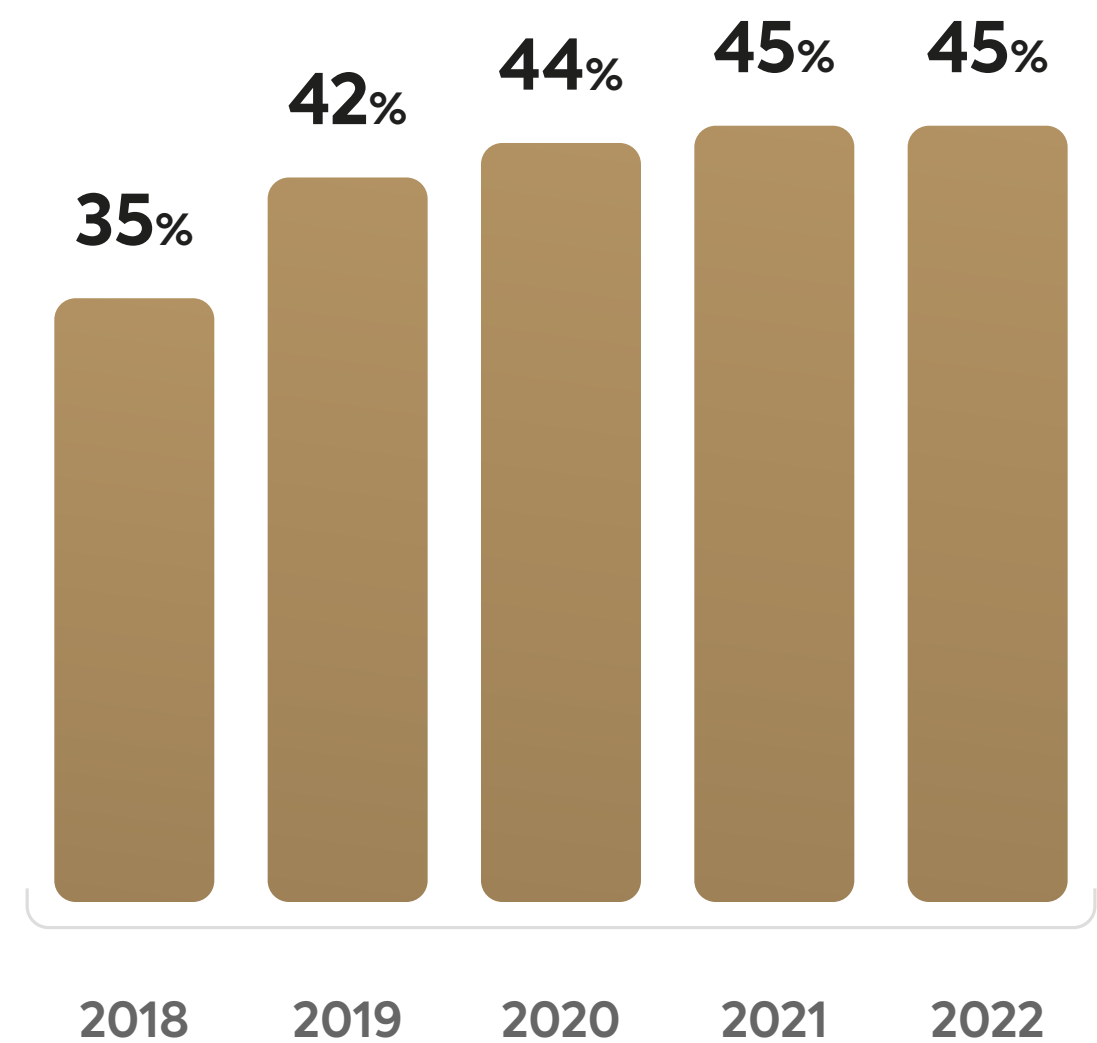
## Net Promoter Score



The STS Group is one of the largest sponsors actively supporting Polish sports.



STS is increasingly at the top of consumer's mind:



# Key takeaways



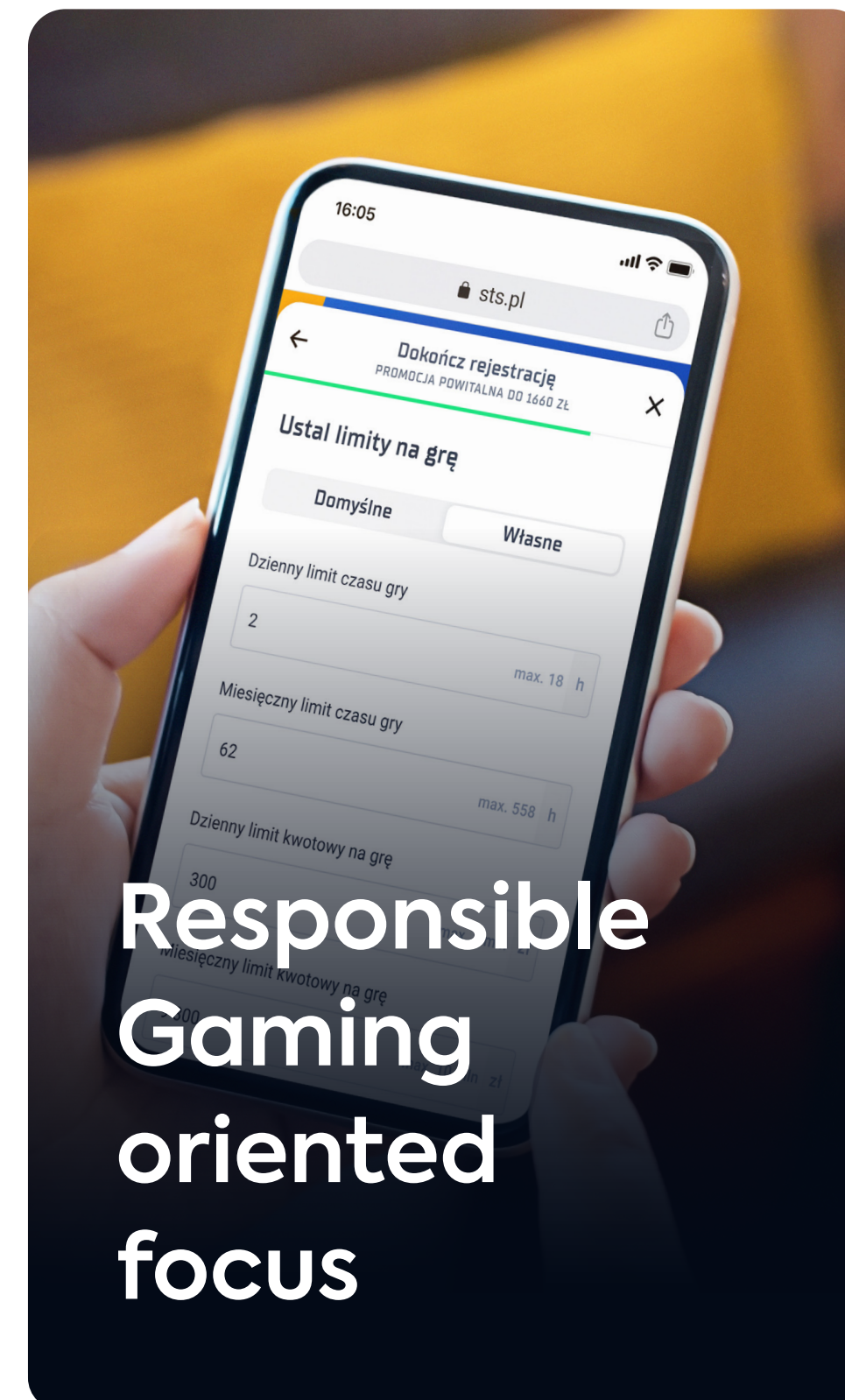
A hand holds a smartphone displaying the STS betting app. The screen shows the app's logo, a 4.7 star rating, and promotional banners for virtual sports and betting. The text 'STS - Zakłady bukmacherskie' and 'Sport | wyniki na żywo' is visible at the top.

**Strong NPS results**



A close-up of a football player in a blue jersey with the STS logo. The player has a beard and is shouting with his mouth open. The jersey also features a 'LOTTO' logo and a club crest.

**Well-known brand in Poland**



A hand holds a smartphone displaying the 'Ustal limity na grę' (Set game limits) screen. The screen shows options for 'Domyślne' (Default) and 'Własne' (Custom) limits. The text 'Dokończ rejestrację' and 'PROMOCJA POWITALNA DO 1660 ZŁ' is visible at the top.

**Responsible Gaming oriented focus**



Two football players on a field. The player in the foreground is wearing a red and yellow jersey with the STS logo. The player in the background is wearing a blue jersey. The text 'The biggest number of sponsorship agreements among Polish operators' is overlaid on the image.

**The biggest number of sponsorship agreements among Polish operators**

**STS** HOLDING

# Plans for 2023





# Plans for 2023

Focusing on presence in Poland,  
no foreign activities under UK  
and Estonia licenses



Savings  
and optimizations



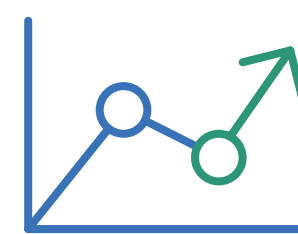
New agreement  
with PZPN



Organic growth  
in Poland

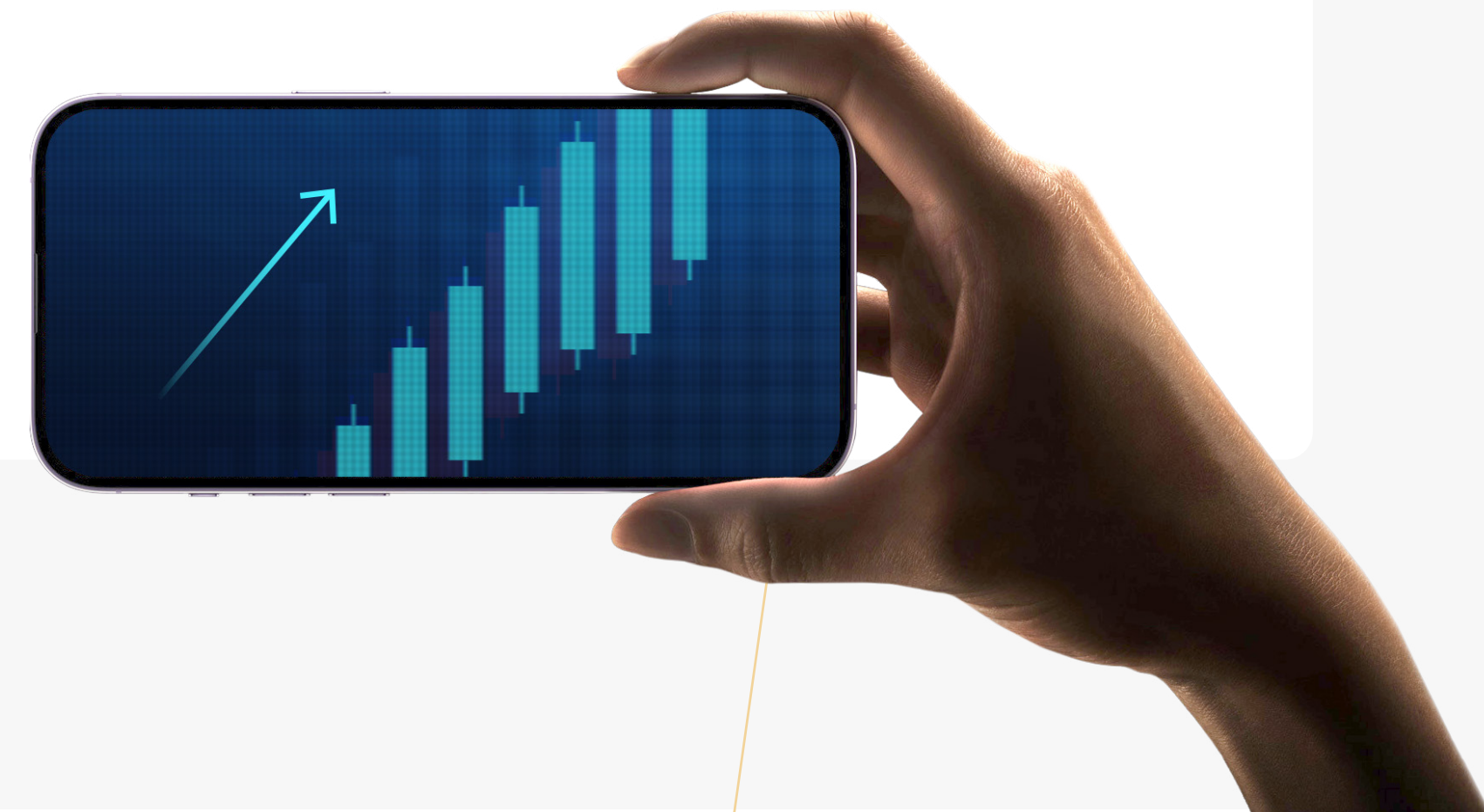


New functionalities  
and facilities for customers



Business  
effectiveness  
and synergies

Improving product and technology  
of STS Group



**STS** HOLDING

**Market  
update**



# Market update

## Competitors



*eWinner zamyka działalność*

**WAŻNE INFO**

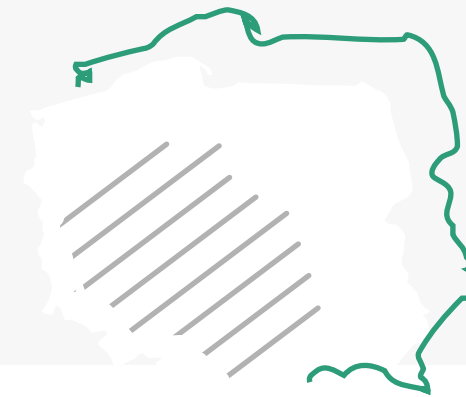


**NOBLEBET**

Zakłady bukmacherskie NobleBet oficjalnie przechodzą na emeryturę.

*NobleBet wchłonięty przez LVBET*

*zamknięcie  
BestBet*



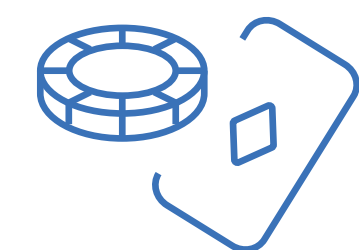
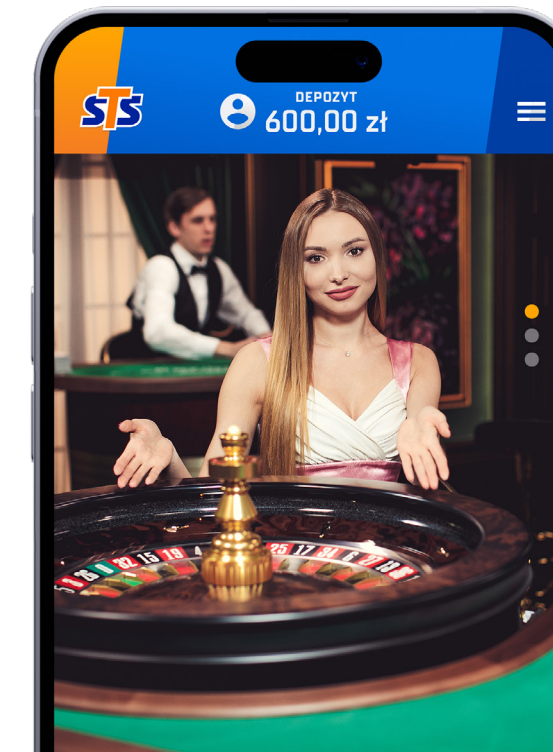
**New EY report regarding grey market in Poland:**

**PLN 27,7B** - turnover of grey market in Poland

**51% of turnover** of online casino and online sportsbetting belongs to operators non-licensed in Poland



**Taxation - no changes in visible future**



**Online casino - what regulations?**

# Guidance



# Guidance for 2023

Amounts staked



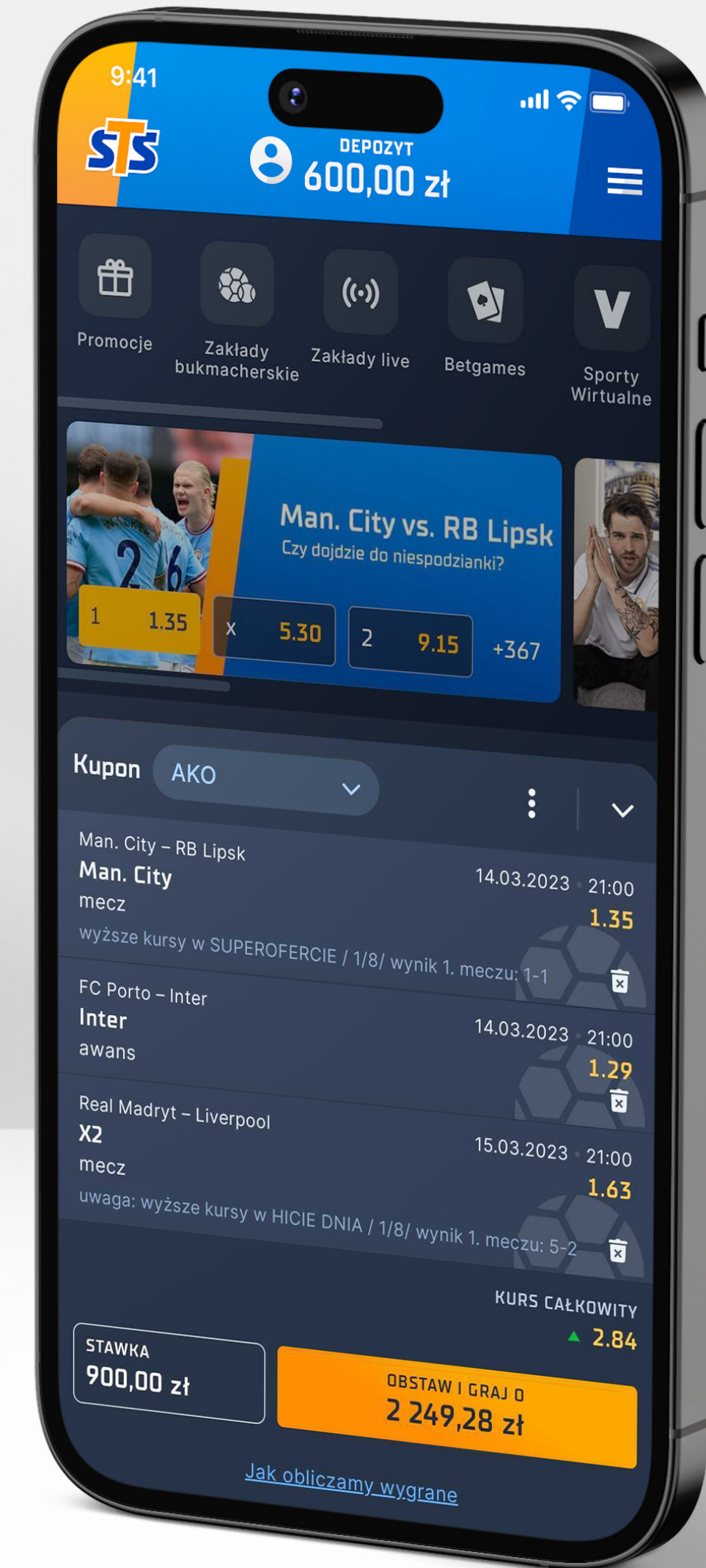
NGR



EBITDA



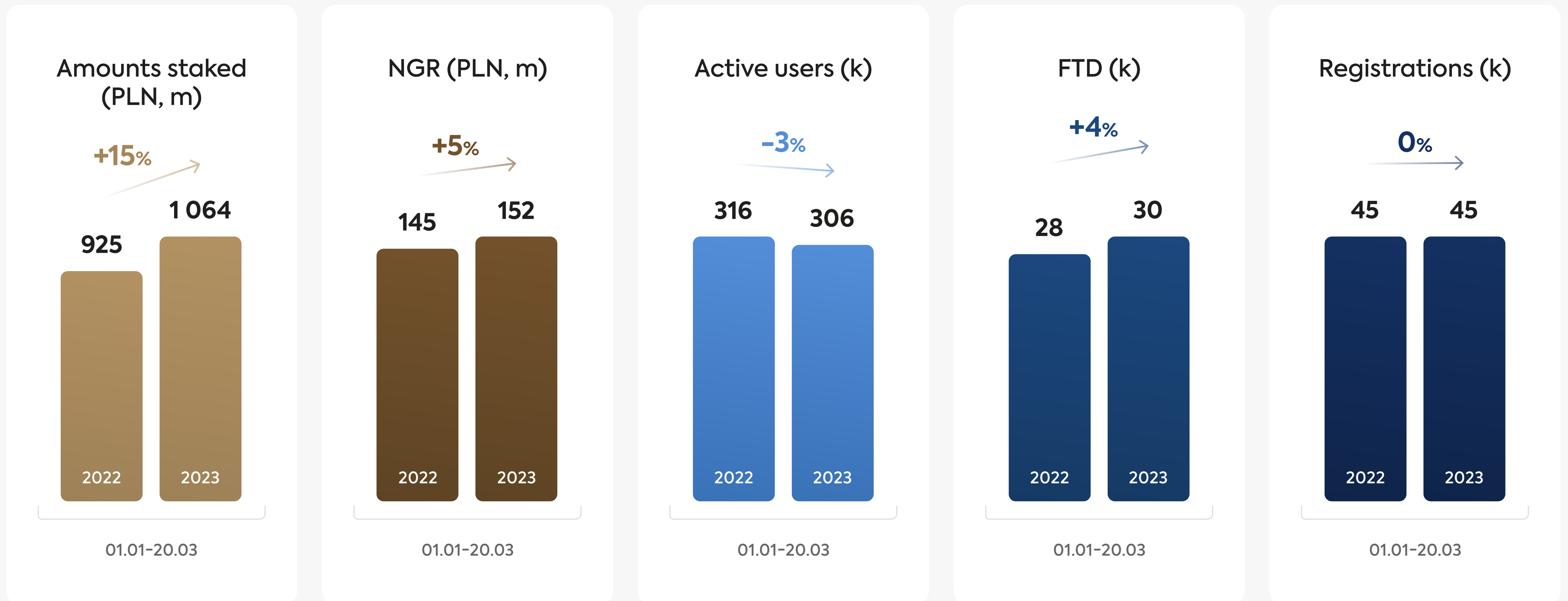
Stronger growth of EBITDA than NGR



# Q1'23 Business update



# January – March\* update (STS S.A.)



\* January 1st - March 20th

**STS** HOLDING

**Q&A**



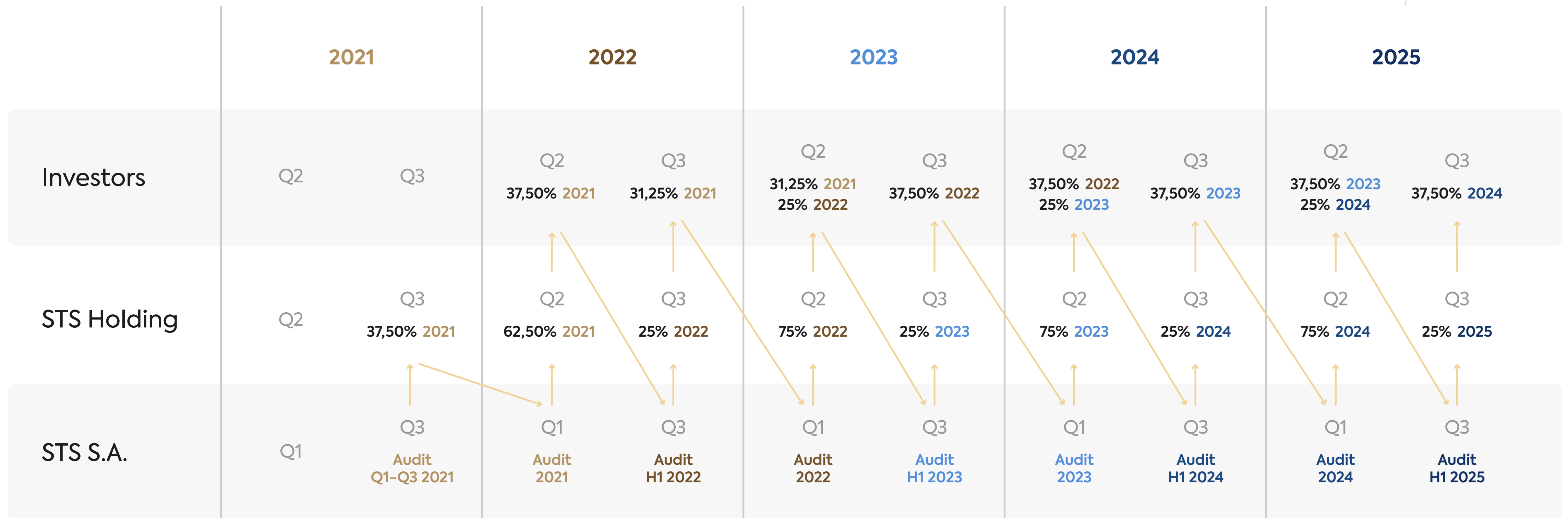




# Appendix – STS Group



# Dividend pay-out



# Dividend in 2022

**PLN 57,9m**

August

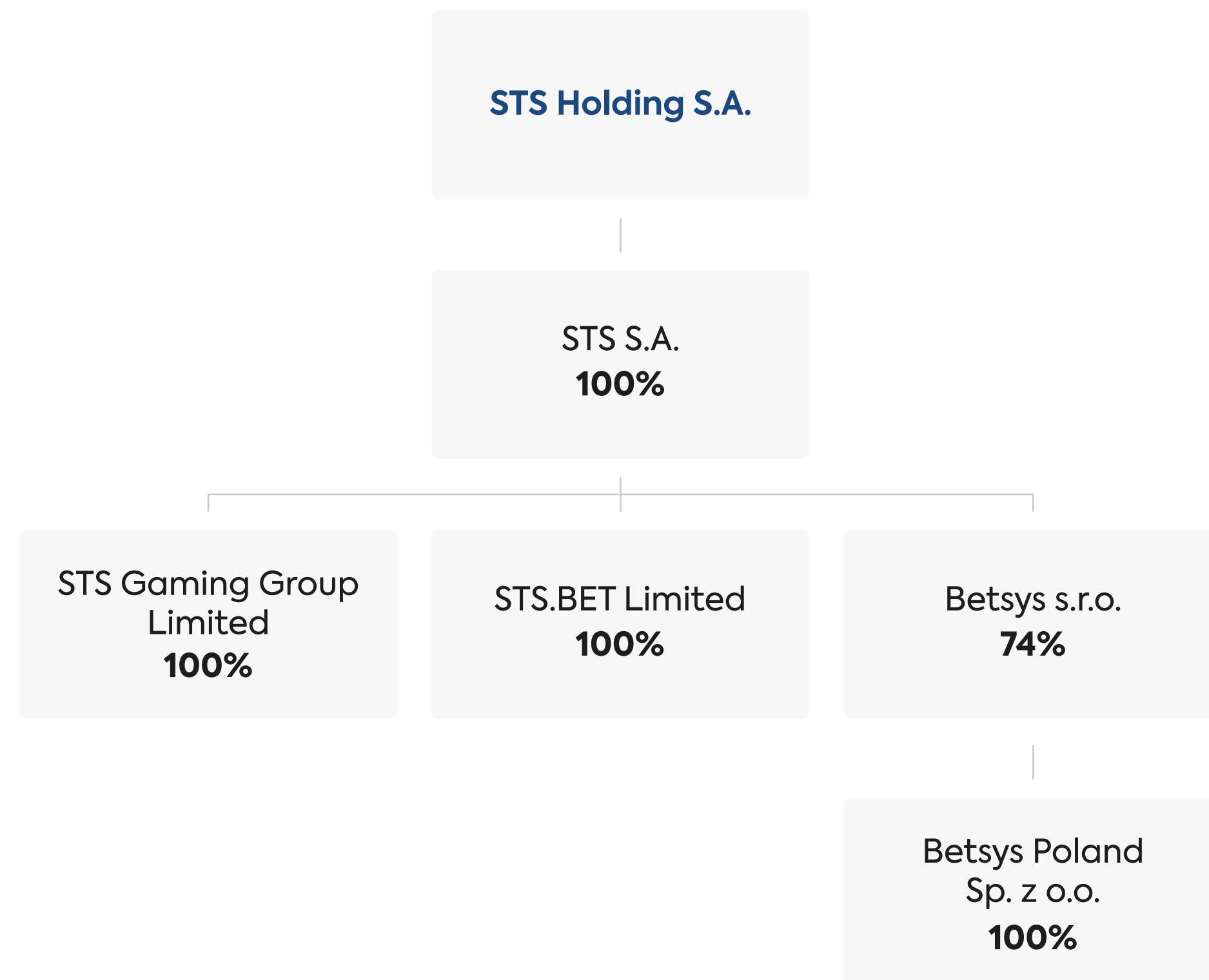


October

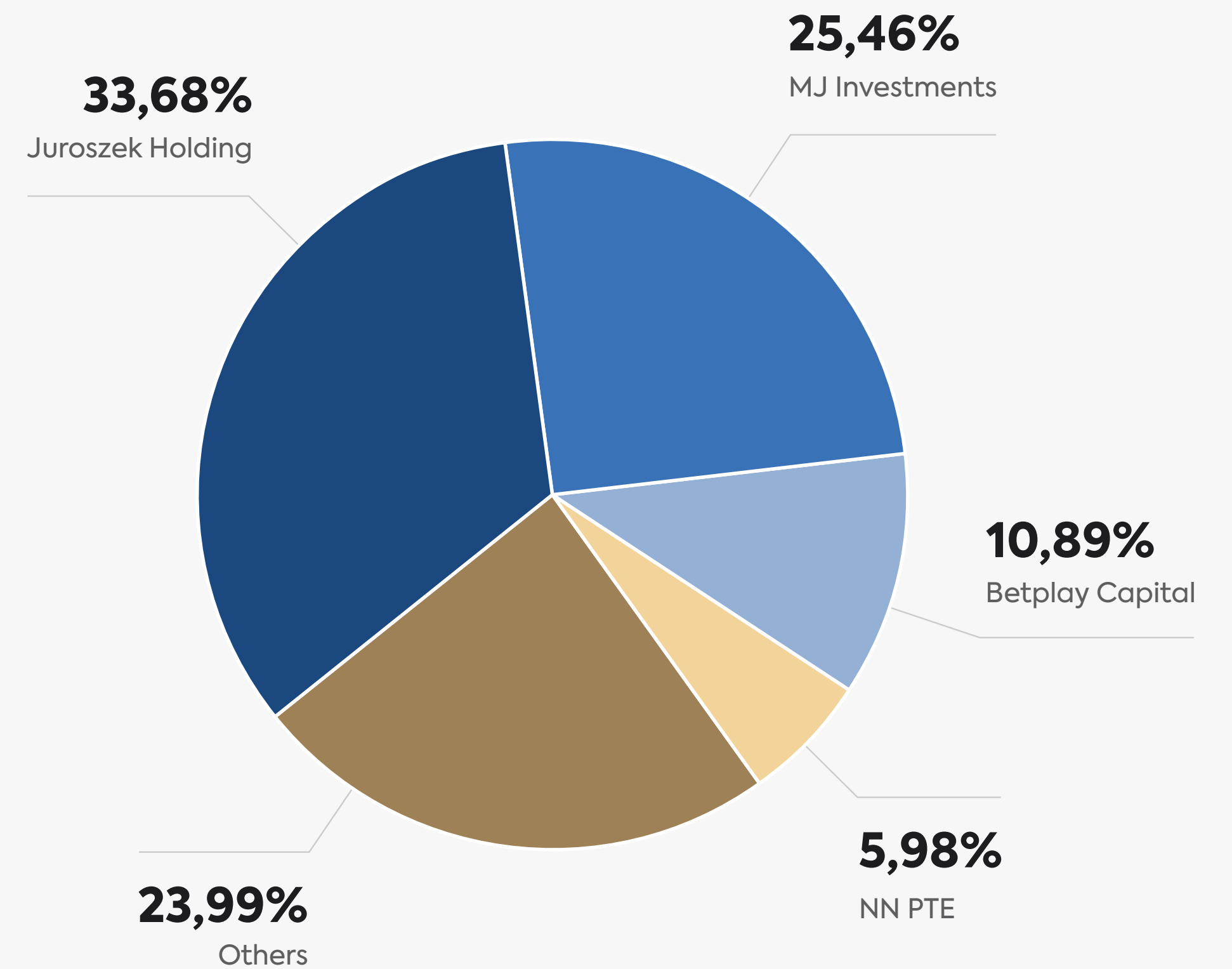
**PLN 42,3m**



## 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 Sznepka**  
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 Cichočka - Sochacka**  
Head of HR

3



**Paweł Rabantek**  
CMO

9

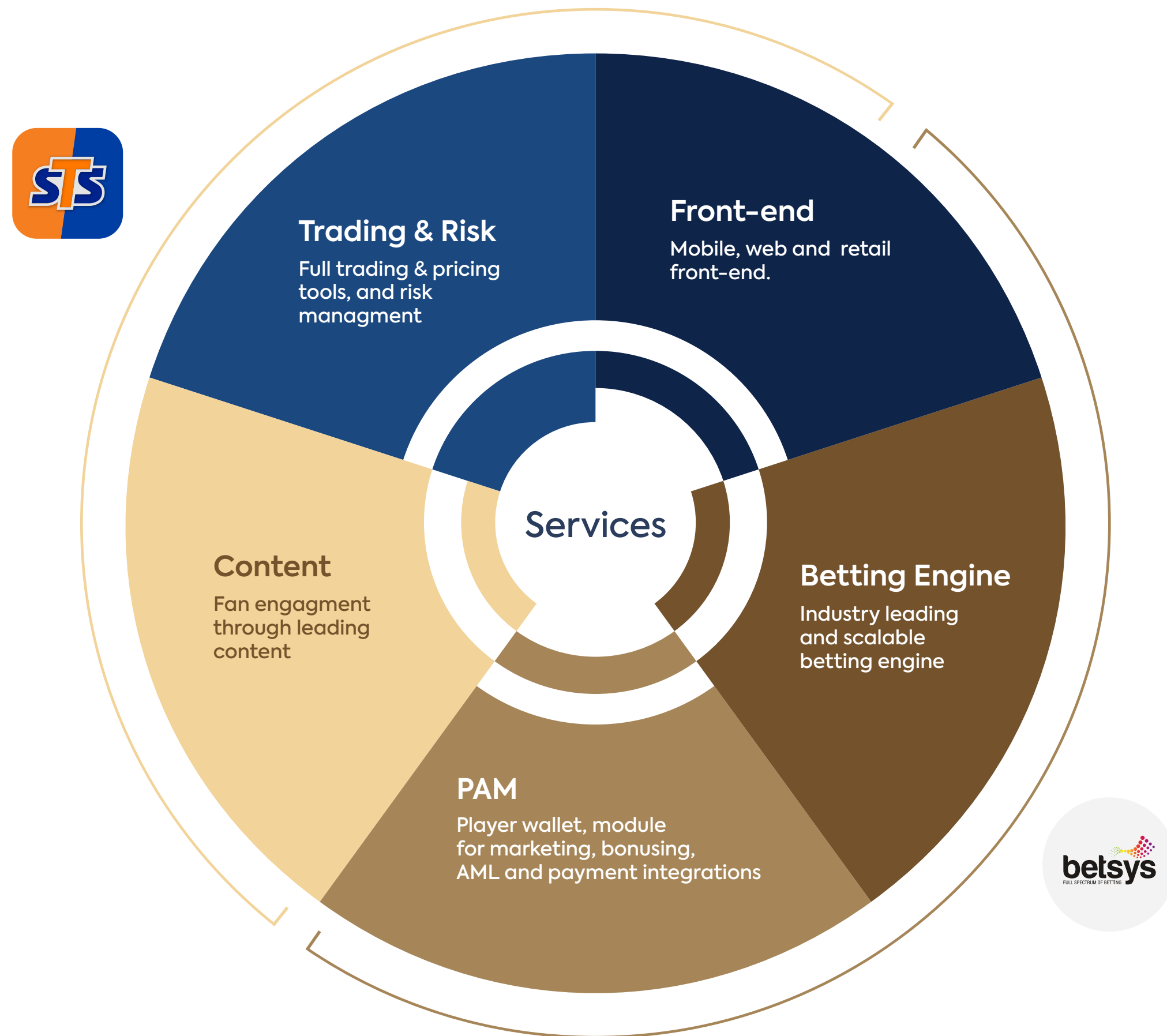


**Piotr Cerlak**  
Head of Sportsbook

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 staff<sup>1</sup>

**c.85**

Developers

**c.55**

Other tech FTEs

**c.20**

BI/BA FTEs<sup>2</sup>

**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

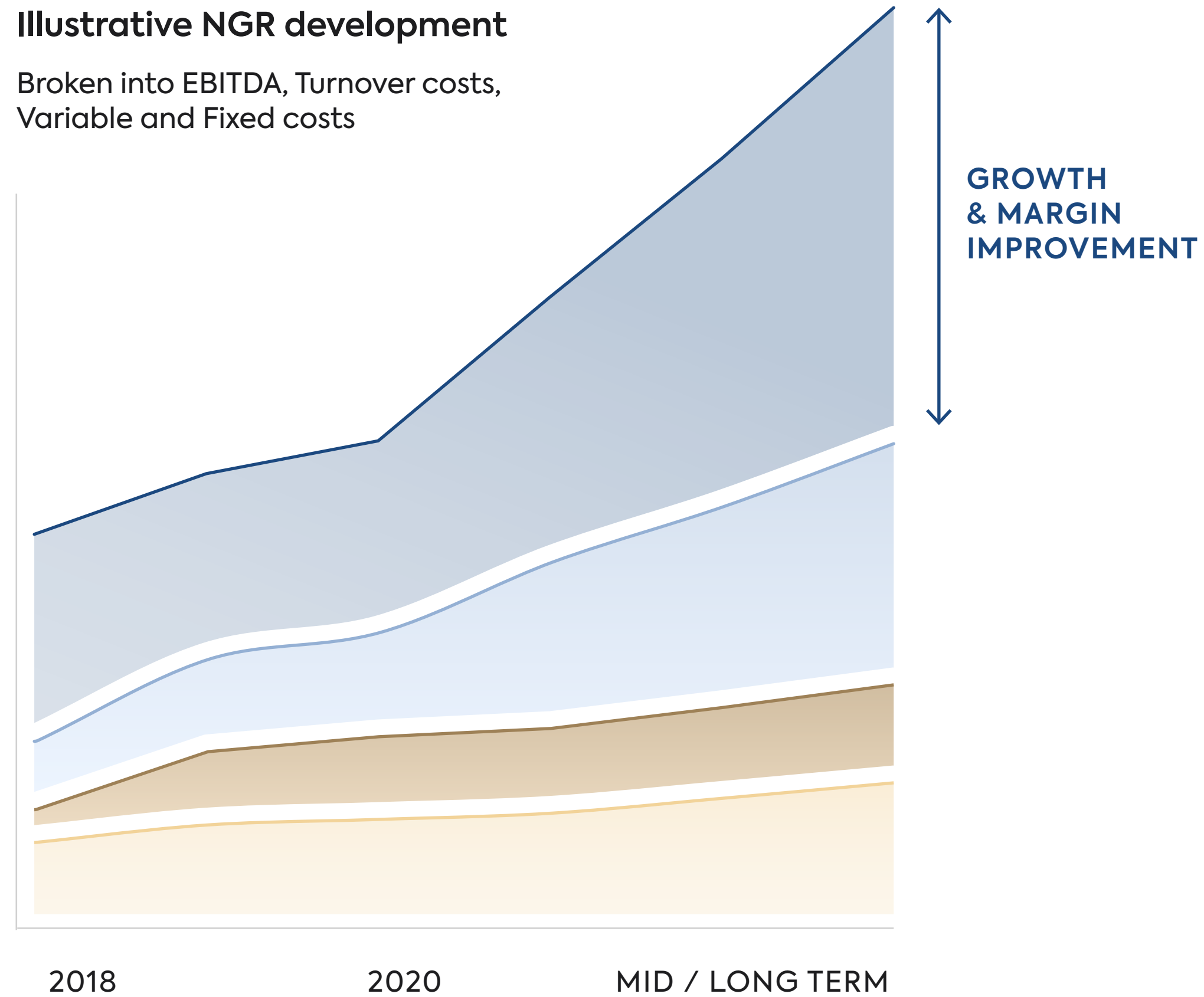
	TYPICAL EUROPEAN GAMING PEERS	TYPICAL US GAMING PEERS	HIGH QUALITY EUROPEAN & US GAMING PEERS	
Dominant market share	✗	✗	?	✓ >40% market share in Poland
High future revenue growth (20%+)	✗	✓	✓	✓ Low-mid 20s% mid-term <sup>1</sup>
Profitability today	✓	✗	?	✓ Ranging 40-53% 2018-2020
100% regulated revenue	✗	✓	?	✓ 99% in Poland <sup>2</sup>
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 <sup>3</sup> . 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

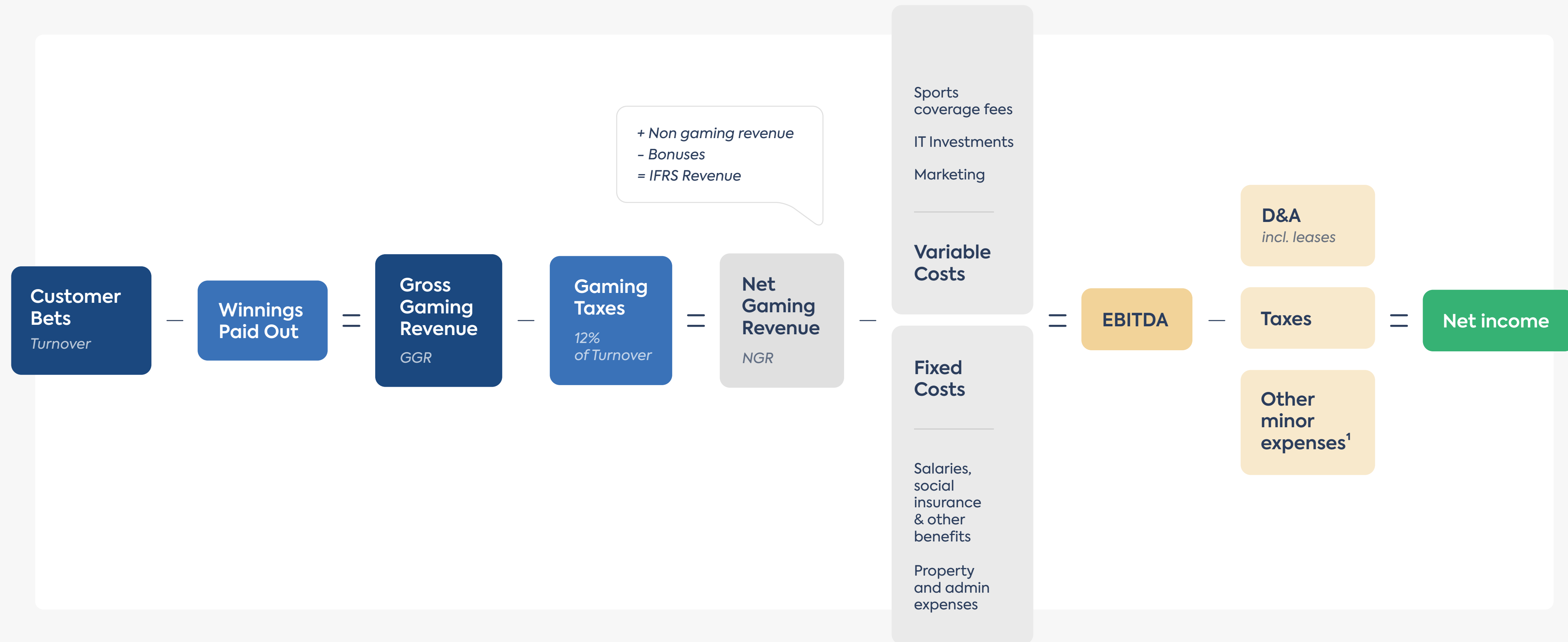
### FIXED COSTS

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

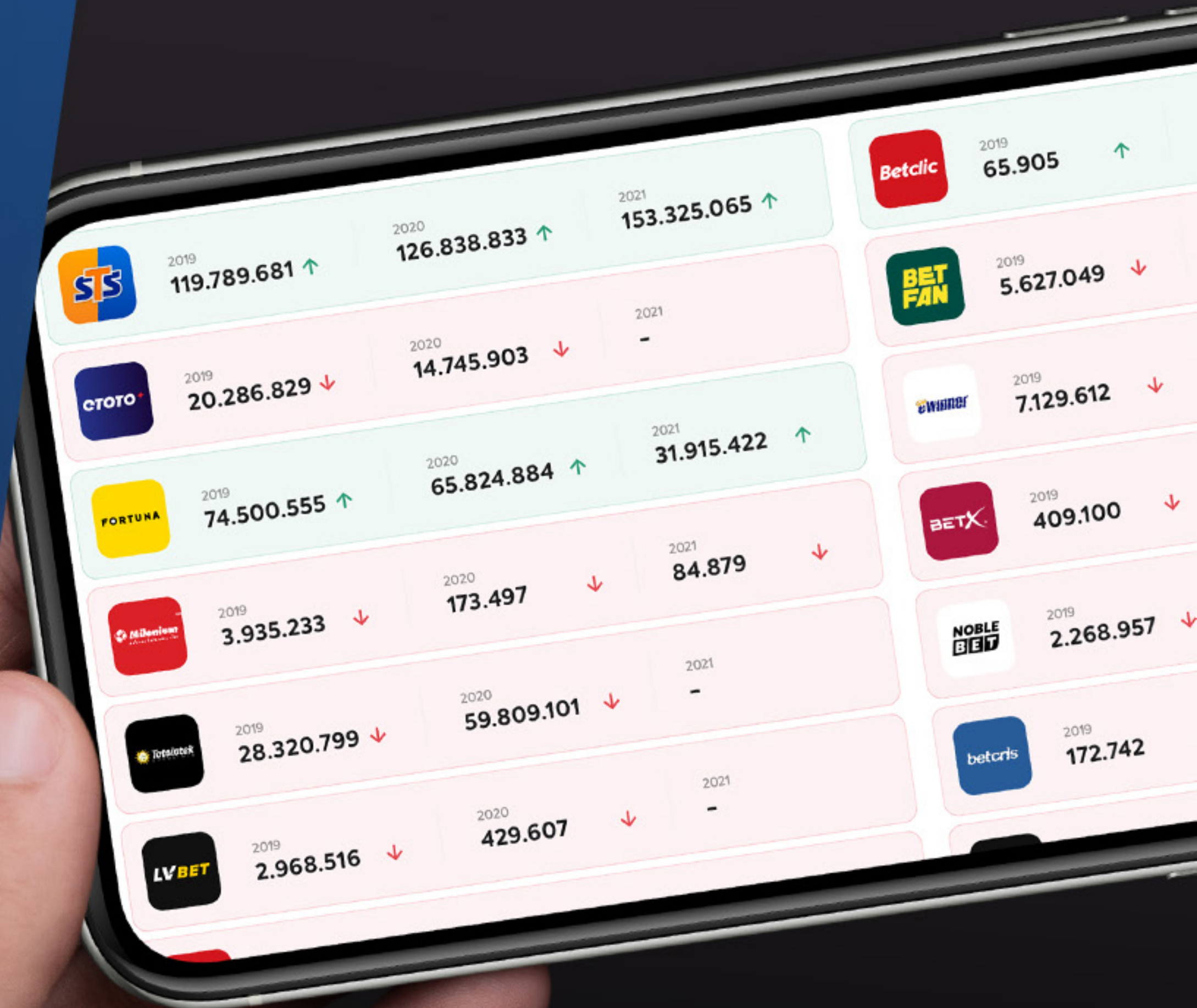
- Personnel costs
- Usage of materials and energy
- Property expenses (services)
- Costs of other retail services
- Other stable expenses



# STS Group financial model

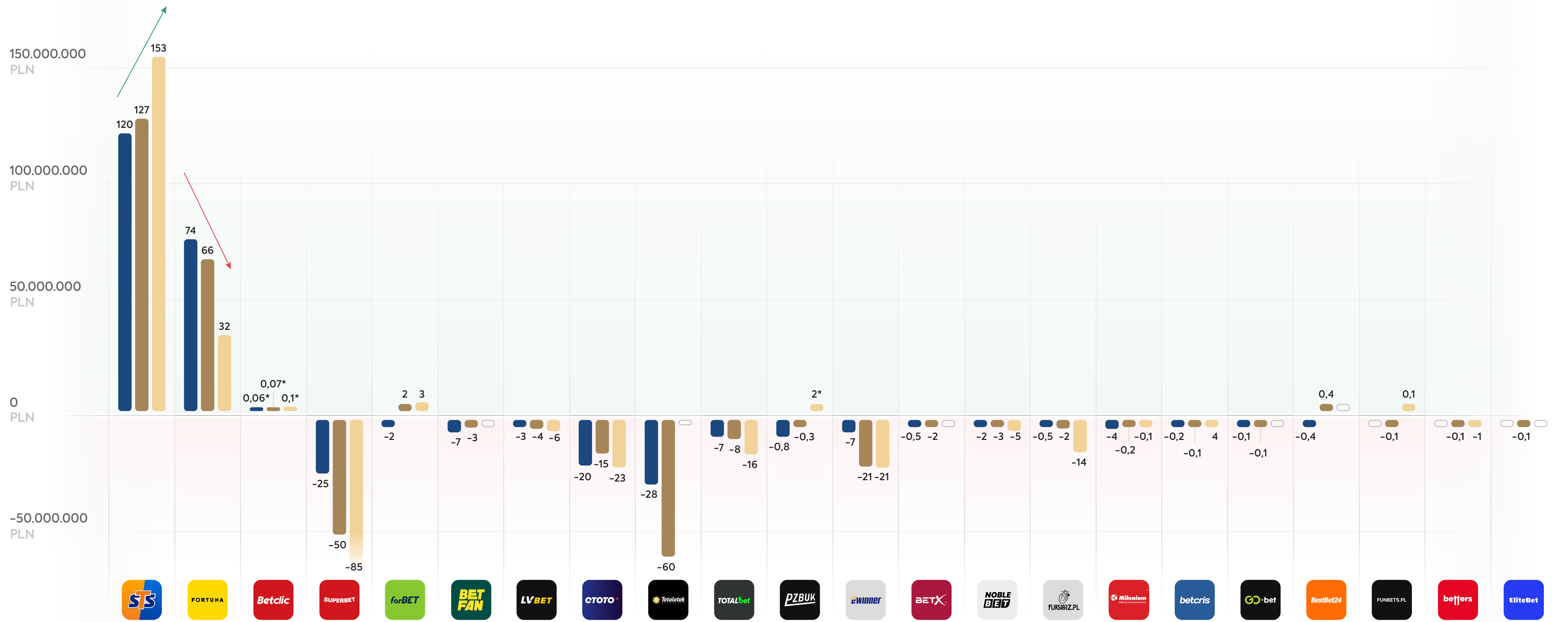


# Polish gaming market



# 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:



Ministerstwo  
Finansów

Ministry of Finance as the  
regulatory authority

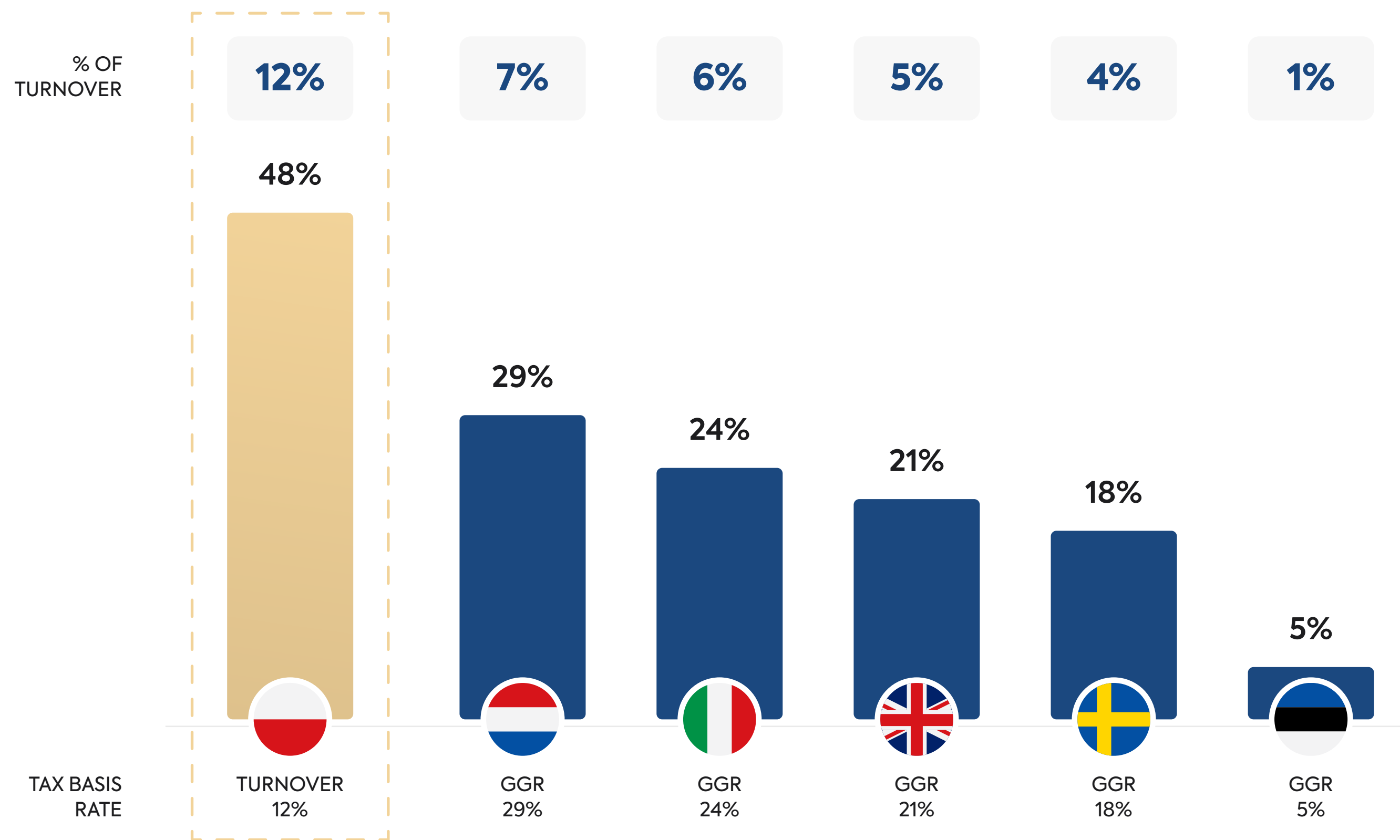


National Revenue  
Administration

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)<sup>1</sup>



- / 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

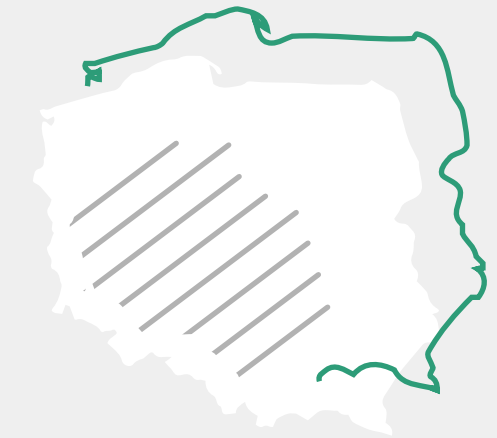
Ministry of Finance doesn't work on any changes

## Casino Online

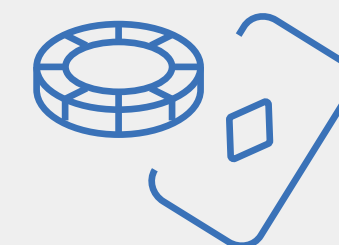
Liberalization beneficial for both operators and the State Treasury

## Grey Market

50% of turnover in grey market



50%  
in grey  
market



# Abbreviations and definitions

## **NGR** / net gaming revenue

amounts staked  
- winnings paid out  
- gaming taxes)

## **GGR** / gross gaming revenue

amounts staked  
- winnings paid out

## **Amounts staked**

total bets placed by players,  
turnover

## **IFRS Revenues**

NGR  
- bonuses  
+ non gaming revenue

## **IFRS** / standards and interpretations adopted by International Accounting Standards Board (IASB), announced by the European Commission

They include:

- | International Financial Reporting Standards,
- | International Accounting Standards (IAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).





**STS** *HOLDING*