

ZEAL NETWORK SE

XTRA:TIMA

H1 2025 Earnings Call Transcript

Table of Contents

Call Participants	3
<hr/>	
Presentation	4
<hr/>	
Question & Answer	5
<hr/>	

Call Participants

Executives

Helmut Becker

CEO & Chairman of Management Board

Andrea Behrendt

CFO & Member of Management Board

Analysts

Henry Wendisch

NuWays AG

Marius Fuhrberg

Warburg Research GmbH

Tim Kruse

Montega AG

Presentation

Operator

Good morning, ladies and gentlemen, and I warmly welcome you to today's earnings call of the ZEAL Network SE following the publication of the half year figures of 2025 earlier this morning. I'm delighted to welcome the CEO, Helmut Becker; and the CFO, Andrea Behrendt, who will guide us through the presentation and the results shortly.

Andrea Behrendt CFO & Member of Management Board

Thanks a lot. Good morning, everyone. Great to have you joining us this morning for ZEAL's half year earnings call. You should be all be seeing the presentation. If not, please have a look at our Investor Relations section on our website there. The presentation is available.

Here's what we will cover today. First, a short look at the H1 summary. Then we will dive into the details of

Helmut Becker CEO & Chairman of Management Board

Thanks, Andrea, and welcome, and good morning also from my side. The headline for the first half of the year is that we are consistently and successfully executing against our strategy. Despite a weak jackpot environment, both compared to statistical expectations and especially compared to previous year, we've improved our gross margin once more. We've grown our customer base and we've raised revenue and as a result increased EBITDA to more than EUR 35 million in the first half of 2025.

Andrea Behrendt CFO & Member of Management Board

Thanks. Now let's get into the details of H1 financials. Let's set the scene with the jackpot environment. As

[Operator Instructions] And after the presentation, we will move on to a Q&A session in which you will be allowed to place your questions directly via the audio line. Questions via chat cannot be submitted today. And having said this, Andrea, this stage is yours.

the financials. We will follow up with an update on strategic focus and guidance, and we will wrap it up with our key takeaways. After that, we are happy to take your questions.

And with that, handing over to Helmut, please?

In addition, we have people news. Carola Gräfin von Schmettow was elected Chairwoman of the Supervisory Board. And we found my successor, Stefan Tweraser will join the Executive Board on August 25 and become CEO on September 15.

Back to Andrea.

you know, jackpots are crucial for ZEAL, both in customer acquisition and in customer reactivation.

The first half year saw only two peak jackpots compared to six peak jackpots last year. So it was a weak jackpot environment. But despite this, we delivered strong performance in the first two quarters. This was driven by significant growth also from the customer base in Q4 last year.

Now on Slide 7, you will see how this reflects in our financials. Here, I want to call out three key numbers. Revenues are up 32%, driven by 4% billings growth and strong margin growth. Marketing spend up by 14% and we acquired more new customers than ever before in such a weak jackpot environment. And bottom line, we delivered a strong EBITDA of EUR 35 million, with the continuation of the momentum that we saw already in Q1.

Let's take a closer look on the 4% billings growth on the lottery side, despite the challenging jackpot environment, of course. On the back of a strong Q4 customer acquisition and customer cohorts, we achieved 1.5 million monthly active users. And these customers continue to spend an average of EUR 58 per month.

As I previously mentioned, the second key driver behind the revenue growth is our margin expansion. We delivered a lottery gross margin of 17.3%, driven by the successful price increase that we had introduced last year in June and a steadily improving product market mix.

Helmut Becker CEO & Chairman of Management Board

Thanks, Andrea. We have successfully raffled off our third Dream House. I'd say three successful House Raffles is now a pattern. On this slide, we give you an overview of all three completed House Raffles so far. To help you compare the data, we've added the Raffle duration on this slide. All three House Raffles have been very successful, roughly in the same ballpark and certainly more successful than we had planned originally.

Now let's turn to the other topic that is important to us. Our growth, our customer acquisitions on the customer acquisition side, on Slide 10. We acquired 499,000 new customers in the first half year, a record high for 6 months with such a weak two peak jackpots. This underlines the strength of our marketing strategy and our ability to grow the customer base even in weak jackpots. The cost per lead was EUR 46.9, which reflects the impact of the weaker jackpot environment as expected, higher media costs, and strategic marketing tests that we are doing currently to target new customer segments, especially in our newer businesses.

In our lottery brokerage business, the CPL was EUR 41.7 demonstrating the efficiencies that we have in our core business.

And then we have Games. Our Games business continues to gain momentum, and we enhance our Games portfolio and introduce new product features and this pays off. We successfully grew the numbers of players as well as the average revenues generated. This results in an impressive 49% year-over-year Games revenues growth. This is a clear signal that our customers see value in our offering.

And with that, handing over to Helmut for our Traumhausverlosung update.

Our fourth House Raffle campaign started end of May. It's a beautiful house at the North Sea in St. Peter-Ording. You see it on the slide. And up until now, it shows the strongest performance metrics that we've seen so far. The draw of the fourth house will happen on the 15th of September, and we've already lined up the next two houses.

Back to Andrea.

Andrea Behrendt CFO & Member of Management Board

Perfect. On Slide 14, we are highlighting the three strategic areas -- focus areas for 2025. The same priorities I shared already with you beginning of the year.

So firstly, we strengthened our customer acquisition and profitability in our core brokerage business. And we make great progress here. In H1, we achieved an underlying lottery gross margin of over 17%, as mentioned already, and we improved customer acquisition even in the weak jackpot environment.

Secondly, we are scaling Traumhausverlosung following the successful launch. We heard already from Helmut that House 4 is delivering the strongest performance to date, and we remain on track to deliver our four draws per year, that is already exceeding all our initial expectations.

And thirdly, we continue to grow the Games offering. Our portfolio has now expanded to over 480 Games, and we delivered 49% year-over-year growth.

In summary, we are well on track to deliver on all the strategic promises we made. All-in-all, we are reaffirming our full year guidance for 2025. Following a strong start in Q1 and Q2 this year, we remain confident in this outlook we shared with you, and we expect to end up in the upper range. At the same time, we are actively reviewing additional investment opportunities, particularly we want to accelerate growth in our new business areas. Of course, with the overall goal to drive long-term value for our shareholders.

And now handing over to Helmut to close the presentation with the key takeaways.

Helmut Becker CEO & Chairman of Management Board

Thanks, Andrea. So our gross margin is now above 17%. We continue to grow the business. The strength of our business leads to strong and increasing profitability with an EBITDA above EUR 35 million for the first half of the year and an EBITDA margin at 35%.

Finally, as this is my last earnings call, I would like to say goodbye and thanks to you, our investors and analysts. I thoroughly enjoyed the last 14 years with ZEAL: 2 as a Supervisory Board member, 2 as a board member and then 10 as CEO. I've led ZEAL through multiple transformations, and this has been hugely rewarded.

Most importantly, I'm very grateful to my fantastic team for their support and dedication and not least the many things I learned from them. They have done the heavy lifting.

Looking forward, let me just say this. There is still enormous growth potential for ZEAL, and ZEAL is

better positioned than ever to capture this growth, especially with a strong team that we have built, together with our leaders and Andrea and Paul on the Executive Board.

My last duty for ZEAL will be to welcome my successor, Stefan, support his onboarding and hand over the business as best I can. I would cheer him on. And I will remain a shareholder. I would like to thank you for your trust, support, questions and feedback. Thank you.

Question & Answer

Operator

So now back to me. So thank you for the dive into your first half year, and congratulations on the results. So we will now move on to the Q&A session and are happy to take your questions. And to keep this conversation

engaging, we appreciate it if you ask your questions via person and the audio line. [Operator Instructions] And the first one is Tim Kruse.



Tim Kruse

Montega AG

Congratulations on a great quarter once again. Two questions from my side. First one, maybe to Andrea on the marketing spending. I mean, you reiterated the guidance for EUR 60 million to EUR 70 million. However, H1 was slightly below half of that. So what can we expect for the second half, some additional marketing initiatives? Or is it fair to assume that we are probably more at the lower end of that corridor you're guiding for?



Andrea Behrendt

CFO & Member of Management Board

Yes. I think the corridor still stands. Of course, we have two drivers that impact our spend in the second half of the year. On the first hand, it's a jackpot situation. So unfortunately, we cannot forecast that, but we assume standard jackpot situation and the spend there. So a bit

higher than what we had in H1. And additionally, like I already said, we are looking in investment opportunities, and these will be mainly on the marketing side.

**Tim Kruse**

Montega AG

Okay. Understood. And then, second question to Helmut. On the Dream House Raffle, I mean, thanks for providing those metrics, especially the days. So I did the quick math. And on the day metrics, the third house was on the level of the first house. I was just wondering also seeing your comments on the current house, the third house was the only one which is not a coastal house, so is that fair to assume that there's maybe also a connection there that that's the demand for these coastal retreat houses is maybe a bit higher, and that's something you're looking into for the next houses?

**Helmut Becker**

CEO & Chairman of Management Board

I think, we're still learning in terms of the appeal of the houses. The third house was different, like you said, the location was not a coastal location. It was not as much a location in a holiday area like the other houses or the fourth house. And also style-wise, architecture-wise, it was a different type of house. So all of this, I think, is contributing and influencing the performance of the

houses. But I think it's also very fair to say that also the third house performed very, very strongly. But we're happy to see that the fourth house is performing even stronger. So we will continue to learn, which houses have the highest appeal and, of course, then design our house strategy accordingly.

Tim Kruse
Montega AG

All the best for that. And all the best to you. Thank you for your contribution.

Operator

Now we will move on with the questions from Marius Fuhrberg. So please ask your question, Marius.



Marius Fuhrberg
Warburg Research GmbH

First of all, also with regards to marketing, Andrea, you mentioned that you planned some investment initiatives there. Can you be a little bit more specific what that exactly means? And what kind of marketing ways you want to elaborate further? And how this should -- what we should think of this?

And secondly, also with regard to the marketing, could you provide a breakdown on how much of the marketing costs, especially in Q2 or maybe also in H1 was attributed to Traumhausverlosung and how much to lotteries?

And finally, also to mention that you still have some headroom in H2 for marketing to reach your guidance. Also considering your EBITDA, I think what we're referring to is, I think if we look at EBITDA of EUR 35 million in H1, and -- yes, if you consider -- or if you expect a normal jackpot environment, should we not at least reach the upper end, if not slightly above your EBITDA guidance range?



Andrea Behrendt
CFO & Member of Management Board

Thanks, Marius. So answering your questions. On the additional marketing, we can give you one very tangible idea that we are looking into. So like we said, Traumhausverlosung is very successful, fourth house is running very well. So we are looking into accelerating growth significantly. So there would be significant additional investments into performance and brand marketing focused on Traumhausverlosung.

On the lottery, on the split of the CPL or the marketing spend, we are, like we communicated already in the presentation, we separate out the core lottery brokerage business and this had a CPL of EUR 41.7 for H1. And on the EBITDA, yes, like I already said, we expect us to end up on the upper range of the guidance for sure.

Operator

And then the last person in the queue is Henry Wendisch.

**Henry Wendisch**

NuWays AG

Thanks for the presentation. Congrats to another good quarter. So my question is, sort of, talking on what the others have raised before. So regarding the Traumhaus maybe to put this more into perspective, The average billing is at roughly EUR 22, and we know the billings margin roughly, so the average revenue per user is roughly the same as in the classic lottery business, but the cost per lead as you mentioned before are so much higher than the classic lottery, which means or implies for profitability that Traumhaus is, of course, also in the ramp-up phase, but less profitable than the classic lottery business. Is that a fair assumption? Or am I missing something?

**Helmut Becker**

CEO & Chairman of Management Board

I think you have to calculate the customer lifetime value based on the good margins and then compare that to the acquisition cost. And then you get -- then you

actually get to a very favorable looking business model or a business case.

**Andrea Behrendt**

CFO & Member of Management Board

And of course, we are still in the scaling phase. So the marketing investments also have an investment part that is building the brand, building the product

category up for the market. And long term, of course, the efficiencies should improve there as well.

**Henry Wendisch**

NuWays AG

Yes. So it's, sort of -- this is how it looks like based on the numbers you reported thus far, that's why, I was curious of how you think this also these figures might be progressing. Maybe you also expect average revenue per user in this field to go up. But I think down the road, the cost per leads are going to go down. I mean, on the ramp-up phase, as you said before. Yes, maybe I'll go back to Frank with some more details on this.

And then, I would like to know if there are any news on the games license, so you have this site condition that you're not able to address the lottery customers thus far. Is there anything new on this side?

**Helmut Becker**

CEO & Chairman of Management Board

No. We continue to develop Games and submit Games for approval. So that is a continuous process. We expect that the process will continue to run smoother and smoother over time. We have added great games to our portfolio. Book of Ra is one of the most -- the best known, most played games in the market. We have that

in our portfolio right now. And we also will add some key features on the bonus side of our Games business. So we will become more competitive in that regard. That's good news. The restrictions on cross-selling remain the same. And as you know, they are severe.

Henry Wendisch
NuWays AG

All right. Got it. And it was nice talking to you, Helmut for the years, and wish you all the best.

Operator

So in the meantime, we did not receive any further questions. So please feel invited that it's still possible. And let's wait a couple of seconds, maybe another little hand pop up, but it seems everything is discussed. And there are no further questions. So we, therefore, come to the end of today's earnings call.

Thank you, everyone, for joining in this lively conversation. So should further questions arise at a later time, please feel free to contact Frank Hoffmann from Investor Relations. And also a big thank you to you, Helmut and Andrea, for your presentation and the time you took today.

And Helmut also from my side, all the best for you. It was always a pleasure from my side. So I wish you all a

lovely remaining week and hand back to Andrea for some final remarks.

Andrea Behrendt
CFO & Member of Management Board

Thank you once again for joining our call this morning and your continued interest in ZEAL. We appreciate that. And the special thanks to Helmut for your outstanding contribution to ZEAL's success story. And I enjoyed the years with you together a lot. And I look

forward to join the next earnings call in November together with Stefan. So thanks a lot, and have a good day.

Helmut Becker
CEO & Chairman of Management Board

Thank you. Bye-bye.

Disclaimer

Airtime Software AG, Germany is the publisher of this transcript.

The transcript content was created by:

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

© 2025 S&P Global Market Intelligence.