ZEAL

TRANSCRIPT

Earnings Call - Q3 2026

ZEAL Network SE

4 November 2026 10:00 CET

SPEAKERS



Dr. Stefan Tweraser
CEO



Andrea Behrendt
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Presentation

Analyst 1 Sell-side analyst 00:00:00

No.

Operator 00:00:07

Welcome to the earnings call of ZEAL Network SE regarding the Q3 figures of 2026. The company's CEO, Dr. Stefan Tweraser, and CFO, Andrea Behrendt, will guide you through the figures in a moment, followed by a Q&A session via audio line. Please make sure we can see your full name. And with that, I'm handing over to you, Andrea.

Andrea Behrendt CFO 00:00:34

Perfect. Good morning, everyone, and welcome to ZEAL's earnings call for the first nine months of 2026. I'm Andrea, the CFO of ZEAL, and I'm joined with our CEO, Stefan. This presentation is available for you also on our Investor Relations website if you don't see it now live on the screen. So let's start with the agenda.

The agenda for today's call is we will start with the highlights for the first nine months and then talk you through the financial and operational update. Afterwards, we will go into the strategic progress and our guidance for the full year '26. And at the end, we finish with key takeaways, and then we open up for your questions. And with that, handing over to Stefan.

Dr. Stefan Tweraser CEO 00:01:21

Thank you, Andrea. And also from my side, good morning, everyone. Thanks for joining the call. Let me start with the highlights of the first nine months of 2026. We delivered double-digit growth with 22%, including the first-time consolidation of SevenPanion, our acquisition in the UK.

Andrea will provide more detailed insights later. What's very important is that our lottery business kept growing even though the Eurojackpot situation was somewhat weaker than expected. But despite all of this, we added more than 1,000,000 new customers in the first nine months of this year. That's the first time that we've passed this mark in that period. With the acquisition of SevenPanion, we diversified our business into the highly attractive UK prize draw market, and that integration is progressing very nicely.

We raised more than €300,000,000 for public funding and charitable purposes in all of our markets. And following the consolidation of SevenPanion, we have updated our revenue guidance by €20,000,000, now incorporating the newly consolidated UK businesses. To sum it up, the core business is growing, our customer base is growing, and SevenPanion opens new markets for us. Back to you, Andrea.

Analyst 1 Sell-side analyst 00:02:35

Thanks, Stefan.

Andrea Behrendt CFO 00:02:37

Now let's look at the financial and operational performance in more detail. So first of all, let's put everything into context. And here, we look into our jackpot environment in Germany. The jackpot environment

was mixed over the first nine months. Lotto 6aus49 reached its €50,000,000 maximum for the first time ever and stayed there for 26 draws.

This was quite outstanding. As a result, the average jackpot for Lotto 6aus49 rose from €9 million to €32,000,000 year-over-year. But as you might remember from our last earnings call presentation, the key driver for our customer growth is actually Eurojackpot. And Eurojackpot was weaker. Eurojackpot reached €120,000,000, the maximum, only in May and remained there for two draws compared to four times in the previous year.

On average, it fell from €50,000,000 to €41,000,000. This is why we are particularly proud of our record new customer growth in the first nine months of 2026. And now let's see how this translates into financial results. Here, you see our group P&L with the main revenue and cost items. But let me explain a bit the items and especially the one-off effects that we have inside with SevenPanion. Revenue increased strongly by 22%, up to €199,000,000, with €10,500,000 coming from SevenPanion, which we consolidated from July 9 onwards.

But even excluding SevenPanion, revenue grew by 16% year-over-year, driven by the strong performance in our core business in Germany. On the operating expenses, this reflects our continuous investment in growth and diversification of our strategy, really important for us. Personnel expenses increased by 11% as average FTEs rose by 30%. This, of course, includes also our UK

businesses and their teams. Marketing expenses rose by 35%, up to €67,000,000. And this also includes SevenPanion with €4,800,000. And we are very proud of these investments because this is actually considering our very strong boundary conditions that we set up for our teams. On the indirect expenses, they were up 61%, mainly driven due to one-off effects in the consultancy cost and advisory area of €4,900,000 that are related to the SevenPanion transaction. And this is, of course, a non-recurring item. Additionally, €1,800,000 of this increase is linked to the SevenPanion Group.

As a result, EBITDA increased by 9% to €59,000,000 and our EBITDA margin amounts to 30%, reflecting the M&A-related one-off expenses as well as higher marketing investments within our guardrails. Net profit shows €32,000,000. Here, it's to remember that the year 2025 had a one-off effect, positive tax attribution based on the reevaluation of deferred tax liabilities that was in place in Q3 2025 with €4,100,000. In 2026, we are just posting the normal tax rate of around 32%. Therefore, if you want to compare like-for-like without the special tax effect from 2025, the basis of our net profit grew actually by 8%. Let's have a brief look on the one-off effects that we or on the effects that SevenPanion had in our EBITDA, and we are providing here an EBITDA adjusted bridge where you can see how the effects from SevenPanion impacted our ZEAL P&L. If you start with the reported EBITDA of €58,700,000 and take the contribution from SevenPanion out from the revenue side but also from the cost side, as well as the one-off expenses that we already communicated to you of €4,900,000 and the FX effect of the transaction, you are actually ending up with an underlying core business ZEAL EBITDA before the transaction of €62,700,000, which was really a strong result for the first nine months of 2026.

And now let's look into our businesses. We start with the core Lottery business. The Lottery billings increased by 10%. And the main driver, like in the last quarters, were, of course, the more active customer base and the higher spend. This was, the higher spend was mainly supported by the Lotto 6aus49 jackpot that we had in Q2 and Q3.

Average monthly active users increased by 7%, and our monthly billings increased by 3%. Even more important, the Lottery revenue increased by 16% year-over-year, a really strong growth ahead of the billings growth that we just communicated to you. The gross margin improved by 0.8 percentage points from 17.5% to 18.3%, a really strong number. This margin improvement was again driven by favorable product mix and also highlighting our diversification strategy that we put into the products in Germany. Overall, we achieved a strong top-line growth with further improving the margin profile of our Lottery business, what will benefit us for the future.

The second growth driver is, of course, our customer acquisition, as you know. And here, we reached, Stefan said it already, the new nine-month record with 1,000,000 new customers we acquired, 15% more than last year despite a weaker Eurojackpot environment. And that with keeping still track on our boundary conditions on CPLs and payback periods for any kind of investment that we are doing in marketing. Cost per lead increased by 11%, reflecting this higher acquisition volume, rising media costs and also the marketing investment into the launch of our Traumhausverlosung. And you will hear about that later from Stefan.

For the core brokerage business, CPL was €47.1 and compared to €42.5 in the prior year period. This demonstrates still very strong and healthy unit economics that we are really proud of, and we stepped up our marketing even in weaker jackpot environments. And that is reflecting our diversification strategy, making us more independent from jackpots. Now let's look at the other segment in Germany, Games. Our Games business continues to grow as we expand the portfolio of our games, and we have currently around 84 games live, and we also increased our user base.

Revenue increased by 18% to €12,100,000, while the active customers grew by 27%. As expected, the strong growth year-over-year of the MAUs results in a broader player mix, where the higher portion of newer, lower-spending customers consequently lower the relative share of high-value players. As a result, the ARPU declined by 7%, as we expected, so nothing that surprises us. Overall, the year-on-year increase in active users more than offsets the lower ARPU, and the segment actually contributed €5,500,000 in EBITDA, a growth of 12%. We continue to expect further growth in the Games segment, although the pace of customer additions is likely to moderate depending on the overall lottery customer behavior.

Let me now briefly talk you through the SevenPanion impact in our numbers and how it contributed with the first-time consolidation in ZEAL. After consolidation, SevenPanion contributed €10,500,000 in revenue and €1,400,000 in EBITDA to the group. Marketing spend, as I said already, was at €4,900,000, the largest cost item within the overall P&L, and is in line with an acquisition-driven business model that we have in the UK prize draw market.

And it is included, as you have seen it already, in our segment Other. Apart from the contribution of the P&L, we also have two acquisition-related effects in our overall group P&L. First one, consultancy cost of the transaction of around €4,900,000, as mentioned already, which are booked on the group level, and also an amortization of €1,400,000 in the third quarter on the intangible assets identified in the preliminary PPA, and that reflects mainly brands, customer relationships and software. Looking at the P&L of SevenPanion for

A1 **Analyst 1** Sell-side analyst 00:12:41

the

Andrea Behrendt CFO 00:12:42

third quarter, I'd like to mention that the €1,400,000 EBITDA contribution includes one-off expenses, non-recurring one-off expenses of around €800,000. That means the underlying EBITDA contribution is actually €2,200,000. And with that, back to Stefan for some exciting updates on our own lottery products.

Analyst 1 Sell-side analyst 00:13:08

Thank you, Andrea. And as you know,

Dr. Stefan Tweraser CEO 00:13:10

we have social lotteries in Germany that help us to get more independent from the standard lottery products and the cycles. One of them is Traumhausverlosung and continued to scale during the first nine months. We completed four house draws in 2026. House number 9 reached a draw after 63 days, sorry, in line with house 8 and delivered billings of €8,800,000. The direct-to-consumer share of billings remains strongest at more than 50%, 58% to be exact, and it's up 1 percentage point in comparison to earlier houses.

The 11th raffle, house at Leutingerstraße in Bavaria, is currently underway, demonstrating the repeatability and growing maturity of the product. A product that is not yet matured because we only launched it this year is our third charity lottery, Freiheit+ in Germany, and that also continues to develop very well. The second draw was completed with more than 258,000 tickets sold and more than €2,000,000 in additional billings. The format has proven its appeal and contributes to both revenue growth and gross margin. For our car raffle business, we also strongly benefit from a fruitful exchange with the SevenPanion team as they have a long-standing experience with executing car raffles.

So the acquisition of SevenPanion is a two-way learning street. With that, I'm handing back to Andrea for an update on our strategic progress.

Andrea Behrendt CFO 00:14:47

Thanks, Stefan. Yes. So strategic progress. As we always want to be very transparent what we have as targets for 2026 and where we stand. So first of all, Germany.

Our goal is to strengthen further our acquisition effectiveness, and we achieved that with a 1,000,000 record new customers in the first nine months this year. So really strong performance. And as I always remind you, with the clear boundary conditions on CPL and payback period, these are great investments for the future of ZEAL. Secondly, we continue to scale our own lottery products, and Stefan just gave updates on two of the products, Traumhausverlosung and Freiheit+. Four houses are drawn in 2026.

And in total, the 11th draw is on the way for Traumhausverlosung. And Freiheit+ is developing well as well. Thirdly, in Germany, we sustain our games growth by expanding the portfolio. We are now at 84 titles, as I told you already, and our monthly active users rose by 27%, revenues by 18%. So really good numbers.

And the fourth strategic target that we added after the acquisition is, of course, the diversification into the UK market, and where we now build a meaningful second home for ZEAL. And with that, following the first-time consolidation of SevenPanion, and we mentioned it at the beginning already, we raised our revenue guidance to €270,000,000 up to €280,000,000. The increase is around €20,000,000, and this

reflects solely the expected SevenPanion contribution from July to December within the ZEAL Group. We confirm our EBITDA guidance of €70,000,000 to €75,000,000, assuming a normal jackpot environment in Germany for the rest of the year. This range includes, as you know, the positive SevenPanion EBITDA contribution as well as the M&A-related one-off expenses and integration expenses that we have. For Germany, we continue to plan marketing investment of around €85,000,000 to €95,000,000. And we ramped that up actually quite well in October with the nice €120,000,000 jackpot in Eurojackpot that we have seen.

And on the other hand, the midterm guidance stays, as it was communicated to you already, for 27% to 29% annual revenue growth in the mid-teens and an EBITDA margin above 30%. And with that, for the conclusion, back to you, Stefan.



Dr. Stefan Tweraser CEO 00:17:35

Thank you, Andrea. And I'm I'm super happy to summarize the key takeaways of the blockbuster first nine months in 2026 for ZEAL. First, our core lottery business continued to grow despite the somewhat weaker jackpot environment. Group revenue increased by 22% to EUR 199 million. And EBITDA, again, unadjusted, but growing by 9%, EUR 59 million, while we absorbed the one-off effects, the cost of the Seven Canyon acquisition.

Second, we acquired more than 1,000,000 customers in the first nine months of this year, a first for ZEAL's history. We did so with very disciplined unit economics in a weaker jackpot environment. Third, we entered the final quarter with a broader product portfolio, a second home market in the UK, and the clear path for continued profitable growth. And finally, following the first-time consolidation of ZEAL and Seven Canyon Group, we have raised our revenue guidance to EUR 270 million to EUR 280 million. EBITDA guidance and our marketing budget remain unchanged.

A1 **Analyst 1** Sell-side analyst 00:18:43

Thank you very much for listening. We are now open for Q&As, and I hand back to Andrea and the team to open the channel for questions.

O **Operator** 00:18:55

Yes. Thank you very much for your presentation. Ladies and gentlemen, now it is your turn as we are opening the Q&A session with questions via audio line only. Therefore, please click on the raise hand button. If you are dialing in by phone, please press star key 9 to raise your hand and star key 6 to unmute yourself.

Please make sure you introduce yourself with your full name and institution, and we're coming with this to the first hand up of Tim Kruse. The stage is yours.

A1 **Analyst 1** Sell-side analyst 00:19:28

Yes. Tim Kruse from Warburg. Thanks for the presentation and taking my questions. A few questions on the lotteries. Actually, I saw that Freiheit+ was very successful in the third quarter, especially comparing to last year.

Can you comment on those effects? Is this sort of the organic development? Is there anything we should factor in Q3, which made that quarter especially good? And then on the Traumhausverlosung, can you

comment on sort of the growth pattern of that in the third quarter, especially maybe on sequential development compared to the second quarter? If I mean, I don't have the concrete numbers at hand, but if I try to exclude sort of all the other effects, seems that, yeah, it was more or less flat maybe compared to Q2.

And then on the other hand, the Traumautoverlosung looks very interesting from from the unit economics. If I think you had EUR 2 million in billings, if I recall that correctly, that compared to the the the car prices seems even more favorable than maybe the Traumhausverlosung. Maybe you could comment on that. And then I have a few housekeeping questions, which I would come back to. Thanks.

Dr. Stefan Tweraser CEO 00:20:57

Thank you for the question. Let me pick up the first one. It was great for for mentioning that we are super proud of the development that we have with. It's kind of the the poster child for a subscription-based annuity lottery product that we are doing together with Bildungsbörse here in Germany. The the the team has really driven that product to new heights month by month.

There have been several product improvements, several pricing improvements, several improvements from the winning perspective. So, actually, that that product is really one that we can use as a foundation for the other social lotteries and also for our business in the UK when we drive further subscription rates into these markets. So actually, a product that we're very proud of.

Thanks for the question.

Andrea Behrendt CFO 00:21:48

On, I think it's important that we look at the raffle periods as well because in the third quarter, we just had one actual raffle happening. The next raffle happened beginning of Q4. And therefore, it compares to a raffle at Q2 where actually two raffles happened. Why is that so important? Because these promo phases.

So the phases, the two, three days before the actual draw are the highest sales events that we have within that product, and therefore, it's relevant to count how many draws we have in the different periods. And the last one, on Traumautoverlosung, it's it's the same license concept, and it's the same unit economics as Traumhausverlosung, so they are actually a 100% comparable.

Analyst 1 Sell-side analyst 00:22:44

I hope that But maybe just from sort of the the the outcome of the raffles compared to the to the pricing of what you are drawing looks more favorable. That's what I mean. The unit so the unit economics is is understood. That's sort of given by the regulatory environment, as I understood, but but that that's what I meant in in that respect.

Andrea Behrendt CFO 00:23:08

Not really because, really, the RTP is defined by our license. So the return to player, the prizes that we have to give out to our customers is defined by the license and by the regime, and they have both the same target RTPs.

Analyst 1 Sell-side analyst 00:23:22

Oh, okay. Okay.

Dr. Stefan Tweraser CEO 00:23:23

Understood. We have to look at the entire package of cars and not just at at one car. So the the RTPs is really similar. The good thing is that we've opened up a new segment of players.

We have a very relevant numbers of new players that have not played any lottery before in in our customer segments for the Traumautoverlosung. Plus, it's a great add-on product in the supermarket where we upsell our existing lottery customers. So we are very happy with the overall development of our products.

Analyst 1 Sell-side analyst 00:23:57

Okay. Then two questions on the P&L. Firstly, the other income and indirect costs both increased. I guess that's sort of related to the consolidation of of Seven Canyon. Andrea, could you maybe just sort of comment on the background of that?

What sort of different cost items are in there, not in detail, but sort of just as a general understanding? Or if there's anything or if that's also the transaction-related topics we are looking at for the in the in the cost part for for for the third quarter. And then on the transaction cost, actually, those seem very high in related to the transaction price. Is in in the last call, you mentioned that there's an insurance premium on those VAT topics you are still solving or are still to be solved before Seven Canyon. Is that included in these transaction costs?

Maybe you could comment on that, and that's all for me. Thank you.

Andrea Behrendt CFO 00:25:03

Yeah. So I start with the stuff that I remember, and then please remind me if I missed one of the questions. So let's start with the transaction cost. The transaction cost don't include the VAT cost. The VAT costs are before the consolidation of the Seven Canyon Group, so that's not an expense in our P&L.

What is included are the overall transaction costs. And you have to remember that we actually bought the Seven Canyon Group to a very good price tag at the end of the of the process, and therefore, you might think that the that the related transaction costs are a bit high. But, yeah, I think it's rather a good price than than high transaction costs. So and in the then you had a question on the other operating income. These are the special special one-off effects that we have once in a while always in our P&L.

When you look back several quarters, you will see that or even years, we always have some movements there. They are not related to Seven Canyon, but rather to our lottery gaming operations.

Analyst 1 Sell-side analyst 00:26:17

Okay. And the last one was on the indirect cost. I guess that's where the these EUR 1.4 million transaction costs were were included. Okay.

Andrea Behrendt CFO 00:26:25

Thank you.

Operator 00:26:27

Thank you very much, Mr. Kruse, and we're coming to Abid Jarad. The stage is yours, Abid. Welcome. I see you are unmuted, Abid, but we cannot hear you. Can you change your in and output of the microphone?

Analyst 1 Sell-side analyst 00:26:48

Now, I think.

Operator 00:26:49

Yes. Yes. Perfect.

Analyst 1 Sell-side analyst 00:26:50

Hello. Good morning. Abid from Warburg Research. Thanks for taking my question. So maybe first on the EBITDA margin, which is expected in Q4.

Based on the guidance, you can assume like 15% to 20% EBITDA margin compared to 26% in Q3, even though there won't be any additional one-offs. Right? Where do you expect to increase marketing spending, or where does this decline come from?

Andrea Behrendt CFO 00:27:31

In general, as you know, we are targeting a 30% EBITDA margin overall and deliver strongly against that. Of course, like I mentioned before, if jackpot environments and, in general, the overall structure of the the market allows us in marketing to invest more, then we are going to do that. And especially in October, we really used that potential that the jackpot environment had and increased significantly our marketing investments.

Analyst 1 Sell-side analyst 00:28:01

Okay. So the marketing should also outweigh the absence of the one-offs? So that's to like, is that excluding any one-offs from Q3?

Andrea Behrendt CFO 00:28:17

I thought you questioned about Q4 and not the full year. On the full year, of course, we will be where we always end up around the 30%. That will not change.

Analyst 1 Sell-side analyst 00:28:30

I I was I was talking about Q4. Yeah. But I I compared it to Q3, which had a couple of one-off costs.

Andrea Behrendt CFO 00:28:38

Exactly.

Analyst 1 Sell-side analyst 00:28:39

This won't be this will fade in Q4, right?

Andrea Behrendt CFO 00:28:44

Of course.

Analyst 1 Sell-side analyst 00:28:44

Yeah.

Andrea Behrendt CFO 00:28:44

Yeah. Okay. There was a special effect in

Analyst 1 Sell-side analyst 00:28:46

Q3. Exactly. So the decline in implied EBITDA margin in Q4 is purely coming from expected increase in marketing expense, right? Yes.

Andrea Behrendt CFO 00:28:59

Profitable marketing investments.

Analyst 1 Sell-side analyst 00:29:02

Yes. Okay. Maybe regarding the top line, so excluding Seven Canyon, you grew revenue in Q3 by 9% year-over-year. And Q4 guidance implies broadly flat revenue Q-on-Q like organically. What actually is your organic growth expectation for next year and where should it come from?

Do you expect any pricing effects next year?

Andrea Behrendt CFO 00:29:39

Sorry, Abid. Can you repeat the question? Was it related to Seven Canyon? Or

Analyst 1 Sell-side analyst 00:29:43

No, no. I said excluding Seven Canyon.

Andrea Behrendt CFO 00:29:45

So

Analyst 1 Sell-side analyst 00:29:46

talking about only organic growth, revenue grew 9% year-over-year in Q3. And Q4, it would imply, like, broadly flat revenue growth. So I'm talking, what's your expectation for organic growth in 2027? And where should it come from? And if you expect any pricing increases like in this year?

Andrea Behrendt CFO 00:30:10

Remember that you are comparing with the 9% year-over-year increase, a high jackpot quarter last year in Q3 compared to a no jackpot in Q3 this year. So the 9% is actually, in comparison, a great achievement. If you look into 2027, we are still communicating and standing strongly by our mid-teen growth expectation that we have on the revenue side. And here, to call out, this is based on the overall market shift

that we are seeing from the offline to online transaction that we are seeing every year happening. The online market grows 1% to 2% every year.

And we, as market leader, of course, capture the majority of that growth. And therefore, we still see a continuous double-digit growth over the next years as we guide within our overall top-line guidance and that in Germany.

Analyst 1 Sell-side analyst 00:31:13

Okay. So for core in Germany, you expect also mid-teen growth? Or is it inorganic?

Andrea Behrendt CFO 00:31:23

It's organic.

Analyst 1 Sell-side analyst 00:31:24

Organic. Okay. Okay. Maybe let's move on to my last question on Seven Canyon. So excluding this one-off effect, there was EBITDA margin was 21%.

Is it a reasonable run rate for this business?

Andrea Behrendt CFO 00:31:51

This is the current run rate that we have seen in Q3. That's correct. Our goal is, of course, also to move this business to a 30% EBITDA margin, like we communicated to you in the transaction. That's the goal, but, we have to get there.

Analyst 1 Sell-side analyst 00:32:09

Okay. Alright. Thank you so much.

Operator 00:32:11

Thank you for your questions, Abid. And we will move on to Lukas Spang. The stage is yours, Lukas.

Analyst 1 Sell-side analyst 00:32:19

Yes. Hi. Good morning to both of you. In your presentation, you mentioned besides the consulting costs, another 800k of one-off effects. But I think you didn't really mention why these 800k occurred.

So can you shortly explain where this 800,000 came from, please?

Andrea Behrendt CFO 00:32:44

Yes. Of course. They are mainly one-off effects that relate to the former founders' payments that are still in there that will get out at the end of 2026, and it also relates to restructuring within the Seven Canyon Group.

Analyst 1 Sell-side analyst 00:33:02

So some of these 800 will be again in Q4?

Andrea Behrendt CFO 00:33:10

100,000 of that will still be in Q4. The 700,000 of the the rest will not be recurring.

Analyst 1 Sell-side analyst 00:33:17

Okay. And if we then calculate the, let's say, run rate for Seven Canyon and take the EUR 1.4 million you mentioned and the 800k, we come to EUR 2.2 million. Is this, let's say, an operating run rate for the next quarters we should calculate with?

Andrea Behrendt CFO 00:33:40

Our ambition for this business is, of course, higher, especially Q4 is, in general, a strong sales quarter for these businesses. So we expect that numbers increase. And in general, as we communicated also, we expect also for the 7 Canyon Group a double-digit growth, and that's what we are targeting.

Analyst 1 Sell-side analyst 00:34:04

Yeah. Okay. And then on on shareholder value measures, now the stock in this year is down 20% while the market is up. You increased your revenues by more than 20%. You could also increase your earnings.

You generated roughly EUR 20m operating free cash flow, so excluding the M&A transaction. And in the past, you emphasized that shareholder measure shareholder value measures or shareholder value returns, like share buybacks, are still on the table. So what needs to happen for you to take action here?

Andrea Behrendt CFO 00:34:50

Like we always say, we look at all the instruments that we have at hand and, of course, want to make our shareholders happy. So we are, of course, giving out a base dividend, like we promised, an increasing base dividend. We are looking into special dividends as well as share buybacks. And of course, also want to look in the future as well if we can use our generated funds to generate further growth in also inorganic options.

Analyst 1 Sell-side analyst 00:35:21

But is something of these measures still to be expected this year? Or will this just something for next year again?

Andrea Behrendt CFO 00:35:34

Nothing that I can share with you.

Analyst 1 Sell-side analyst 00:35:37

Okay.

Operator 00:35:37

Thanks. Thank you, Lukas, for your questions, and we are coming to the last hand up for now from Simon Keller. Simon, please.

Analyst 1 Sell-side analyst 00:35:51

Hey, everyone. Thanks for taking my question.

Operator 00:35:55

Simon, can you come closer to your microphone?

Analyst 1 Sell-side analyst 00:35:59

Yeah. Does this work better?

Operator 00:36:05

A bit. Yes.

Analyst 1 Sell-side analyst 00:36:06

Thank you. Yeah. First of all, congrats on the strong Q3. Especially underlying EBITDA was positive, I think, with over EUR 25m. And I'm wondering now if we consider this to be a fair run rate, whether for next year, one should at least assume EUR 100m in EBITDA because that's what you should reach if you just multiply this quarter by four.

So is EUR 100m the base level for next year that we should calculate and use in your view?



Andrea Behrendt CFO 00:36:41

Nice question. Thanks. You know, we communicated our midterm ambition to you guys, double-digit top-line growth, revenue growth and 30% EBITDA margin. I think you can run the numbers yourself, and we will communicate the guidance for 2027 for you beginning of next year.

Analyst 1 Sell-side analyst 00:37:04

Okay. Fair enough. Thank you.

Operator 00:37:07

Thank you, Simon. And we are coming to Jack Cummings from Berenberg. Jack, this is your space.

Institutional Investor 1 Institutional investor 00:37:15

Good morning. Thanks for for taking the question. I just wanted to ask on the games business. I think billings stepped up quite a bit in Q3. I think it went to EUR 58m of billings versus 51 to 52 in the last three quarters.

Was there anything specific you would call out in the games business that caused that higher level of billings? And should we assume that that level of billings is now a more steady run rate going forward? Thank you.



Dr. Stefan Tweraser CEO 00:37:41

Thank you. Thank you for the question. And, actually, we we are super happy with the development of both the monthly active users that we have in the games business and also the only very slight decrease of average revenue per user. So we think that the current run rate is a good indication of what will happen

with this business going forward. As you know, there are certain limitations in the German regulatory setup that allows us to do only so much when it comes to cross-selling.

But given that we still will increase the number of games that that can be played, that we will have a strong focus on VIP players and that the average revenue per user is well managed, we are quite confident that this business will continue to grow quite nicely on the on the revenue base.

Institutional Investor 1 Institutional investor 00:38:31

Okay. Perfect. That makes sense. And and then just a second question. You you clearly mentioned when talking about capital allocation, there could also possibly be other inorganic opportunities.

It'd be good to just understand, obviously, you're entering the prize draw market in the UK. Are there other geographies that are potentially of interest? Is it other product verticals? It'd be good to just understand when you're evaluating capital allocation, shareholder returns versus versus M&A, what are the sort of inorganic options that you would potentially pursue? Thank you very much.



Dr. Stefan Tweraser CEO 00:39:05

Yeah. So thank you for the question. And and the the the kind of internal guidance that we have for looking at this opportunity is products that we understand in markets that we understand. So I think the UK acquisition is a good indication of that. We take a business like the prize draws for houses or cars and look into markets that are close to us in terms of regulation, close to us in terms of customer behavior, close to us in terms of competitive setup and competitive landscape.

And kind of that's the the the the framework that we have looking at these opportunities. We will not look into exotic markets with exotic products. That's not what we are good at.

Institutional Investor 1 Institutional investor 00:39:50

Understood. Thank you very much.

Operator 00:39:53

Thank you, Jack. And we're coming to Jonathan Neuscheler. The stage is yours, Jonathan.

Participant 1 00:40:00

Yes. Good morning. Can you hear me?

Operator 00:40:02

Yes.

Analyst 1 Sell-side analyst 00:40:03

Thank you.

Participant 1 00:40:04

Yeah. Thanks a lot, for the presentation and information you gave us, today. I would like to get a bit more information also regarding the general capital allocation, that you're you're planning to do, like, Lukas Spang already asked because I just think and you again showed a very strong double digit growth, a high

cash flow. You have a recurring customer base. You have low debt and also a low valuation, which you also expressed with the insider purchases in the last weeks.

And when I look at all these points, I would just like to understand especially the timing aspect of possible tender offer or new special dividend because personally, and I really like that signal, you have already bought some stocks because I I think there there could be quite some value creation here, maybe levering the business a bit more. Like, how are you looking at that?



Andrea Behrendt CFO 00:41:10

So I can just repeat the answer that we already gave. Sorry, guys. So we are looking in all the instruments that we can use. We want to give back to our shareholders, of course, that we are creating value for them. So please apologize, but that's

A1 **Analyst 1** Sell-side analyst 00:41:25

the answer you get.

O **Operator** 00:41:32

Jonathan, if you do not have any follow-up questions.

1 **Participant 1** 00:41:38

No follow-up questions.

A1 **Analyst 1** Sell-side analyst 00:41:39

Thank you.

O **Operator** 00:41:40

Okay. Thank you so much. I would come back to Simon Keller. Please, Simon.

A1 **Analyst 1** Sell-side analyst 00:41:46

I hope you can hear me. I tried to speak loud and clear. Regarding games, I mean, the spend limit was increased by the regulator. And I was wondering whether that I mean, apparently, your revenue per user grouped again Q4 there Q3. Do you see any market development, like higher more pricing, more marketing for users, or do you see any impact that the market is changing because of it to some degree?



Dr. Stefan Tweraser CEO 00:42:18

Yeah. Thank you for the question. And and let me start by saying that we balance our growth in in the games segment very much with our approach to safe gambling and responsible gambling activities. In everything that we do, that balance needs to be maintained. And, for example, the increase in in the spend per spin that you mentioned is something that we look at very carefully, but it also needs to be balanced with the approach to the LUGAS limit overall with the customers, and that's definitely something that that we're looking into.

But, again, the growth of the gaming business needs to be always balanced with a solid approach to responsible gambling.

Analyst 1 Sell-side analyst 00:43:07

And would you say that, basically, now all of those that want to play with higher stakes and are allowed to play with higher stakes are basically already playing, or is it the gradual improvement so we should expect that sequentially in Q4, the revenue per user again should improve again?

Dr. Stefan Tweraser CEO 00:43:26

Yeah. We we have just increased the the revenue the the minimums the the maximum spin from EUR 1 to EUR 3, so you will see an ongoing effect of that in the fourth quarter as well.

Analyst 1 Sell-side analyst 00:43:40

Okay. Thanks. Can you elaborate when did you increase the spend

Operator 00:43:43

a bit?

Analyst 1 Sell-side analyst 00:43:43

Was it directly with the regulatory announcement or just

Dr. Stefan Tweraser CEO 00:43:47

It it was with it was with the regulatory announcement, but spread over a couple of weeks because it's more than 800 games where we have to implement it.

Analyst 1 Sell-side analyst 00:43:57

Got it. Thank you.

Operator 00:44:00

Thank you, Simon. And I'm holding the room for another moment in case there might some questions coming up.

Analyst 1 Sell-side analyst 00:44:09

And

Operator 00:44:12

that doesn't seem to be the case. We therefore come to the end of today's earnings call. Thank you very much for your interest in ZEAL Network SE. A big thank you also to you, Stefan and Andrea, for your presentation and your time. Should you, ladies and gentlemen, have any further questions at a later date, please feel free to contact senior investor relations manager, Frank Hoffmann.

I wish you all a successful day around the world and handing over to you, Andrea, once again for your final remarks.

Andrea Behrendt CFO 00:44:44

Yeah. Thank you all for your questions and for joining us this morning. We appreciate, of course, your interest and the discussions we are having here today. And maybe we see you on one of the activities that we have in the month November, like the Eigenkapitalforum in Frankfurt in a few weeks and can update you on the next results, of course. Thanks.

Analyst 1 Sell-side analyst 00:45:07

Thank you.