AIRTIME

Wednesday, May 06 2026 | 10:00 AM CET

ZEAL NETWORK SE

XTRA:TIMA

Q1 2026 Earnings Call Transcript

Table of Contents

Call Participants 3

Presentation 4

Question & Answer 5

Call Participants

Executives

Andrea Behrendt
CFO & Member of Management Board

Stefan Tweraser
CEO & Chairman of Management Board

Analysts

Simon F. Keller
NuWays AG, Research Division

Tim Kruse
Montega AG

Presentation

Operator

Welcome to the earnings call of ZEAL Network SE regarding the Q1 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 names, ladies and gentlemen.

And with that, I'm handing over to you, Andrea.

Andrea Behrendt
CFO & Member of Management Board

Thanks a lot, and good morning, everybody, and welcome to our earnings call for Q1. I'm happy that you're joining us today. With me is Stefan, and we will present the Q1 results. I hope you see the presentation. If not, you can find it on our website in the IR section.

So the agenda for today, we will begin with a brief update on our highlights for Q1, then dive into the financial details and have a look how we delivered against our strategic focus so far. And at the end, we will give the time to you and open up for questions. And with that, handing over to Stefan for summary of Q1.

Stefan Tweraser
CEO & Chairman of Management Board

Andrea, thank you very much, and also a warm welcome from my side to everyone on the call. As you know, our business is very much driven, especially on the top line, very much driven by the jackpot situation in Germany. And although we haven't seen a jackpot in Germany, neither in Lotto 6/49 nor in EuroJackpot for more than 7 months now, we are still on a very strong growth trajectory.

Revenue and customer acquisitions have increased in the first quarter of 2026. Our gross margin has improved once again, but EBITDA was a little bit lower than expected because of the focus on investments in marketing and other initiatives that we've taken to ensure our sustainable future growth.

Speaking of growth, we are very proud that we have launched our third charity lottery, Traumautoverlosung, in April. Thus, we have strengthened our foundation for long-term growth while continuing to invest in the diversification of our business model. I'll hand back to Andrea for more details.

Andrea Behrendt
CFO & Member of Management Board

Thanks. And now let's get into the details of the first quarter financials. As always, I will begin with the jackpot environment because that's crucial for us and it drives customer acquisition as well as reactivating our existing customers. As you most likely know, the first quarter of this year was a very weak jackpot environment. We had no peak jackpots, and it was even worse than last year because the averages, especially in EuroJackpot, was below last year.

And if you compare to last year, you see that we had EUR 112 million EuroJackpot in Q1. And this year, we had nothing relevant. So that's the jackpot environment. Fingers crossed that the jackpot builds up now in May. We are hoping for both products to reach peak in May and drive Q1 top line growth. But despite this, we delivered a good performance in the first quarter.

And on Slide #7, you will now see how this reflects in our financials. Here, I want to highlight 3 numbers to you and starting with the revenue. So we had a revenue growth of 6%, like I said, in a very weak jackpot environment, and this is driven by a slight increase on the top line on the billings, but combined with higher growth and higher number of monthly active users. So that's a good result for that environment that we have been in.

Additionally, we have been able to increase our marketing activities by 13%, always within our boundary conditions, and we acquired a significant number of new customers. Again, a good achievement for this weak jackpot environment. And I want to really highlight here that this marketing investment and also the expansion in our personnel are targeted to our growth ambition and initiatives that will drive future growth in the coming years and also the long-term value for our shareholders. On the bottom line, we generated EBITDA of EUR 15 million. And like I said, the investments into diversification of our offering, of course, reflect in this EBITDA.
So let's look closer to the lottery billings. A good number, especially in this given challenging environment. But how did that come up? We increased our monthly active users by 5%. And on the other hand, these customers spent EUR 57 in average. Both numbers actually as expected in this environment, even with some growth on the monthly active users.

The second driver of our ZEAL growth is the customer acquisition. And here, we acquired 270,000 new customers in the first quarter. And this is a clear sign that our diversification strategy works because we were able to acquire 11% more new registered customers compared to last year, and that's the success. We spent for these customers EUR 53.8. In the brokerage core business, it was actually just EUR 46.

With that, looking into games, our other product category. Here, we generated still quite some momentum. We expanded our portfolio to over 740 games, and we improved further on with additional product features. And this results in an increase of MAU of 34% and decreased overall average revenues per user, what is driven by the overall increase on MAUs.

And with that, handing over to Stefan for an update on Traumhausverlosung and the new kid on the block, Traumautoverlosung.

Stefan Tweraser
CEO & Chairman of Management Board

Yes. Before we talk about cars, let's talk about houses. We are very proud that we have now the eighth Traumhausverlosung raffle running. The 2026 performance of the 2 houses that we raffled off on Mallorca and Fohr has been very, very promising. The Mallorca House, in particular, has achieved double-digit numbers in billings, EUR 10.5 million to be exact and showed the very best retention performance of all houses so far, indicating how stable that business growth is already. The current house that we're raffling off is located in the south of Germany near Lake Chiemsee.

If we move on from houses to cars, we are super happy to have launched a new social lottery in Germany. We did that in April. It's our third social lottery after freiheit+ and Traumhausverlosung so the focus now is on cars. We will have a very exciting lineup on cars. The first season is focused on a very rare Porsche 911 GT3 RS. In that particular configuration, only 5 cars are available worldwide, and it's actually one of the most followed cars on Instagram. What's new with this raffle is that we are limiting the number of tickets, each ticket costs EUR 10. Please understand that it's early days,

and we are unable to provide any further information regarding ticket sales or billings at this stage, but we're super happy with the launch and very proud that we now have a third social lottery in Germany that is attractive for a very new and additional segment of customers.
And with this, I'll hand over to Andrea again to take the progress on our strategic priorities.

Andrea Behrendt
CFO & Member of Management Board

The strategic priorities we shared with you in the March earnings call, and we want to give you an update how we delivered against it already in Q1. So let's look at it quickly. First of all, on the strengthening of the Lotto24 core business, we achieved a gross margin of 17.8%. And as already communicated, we acquired 274k new registered customers in a weak jackpot environment, so really a success. Additionally, we are further pushing on diversification and added Traumhausverlosung to our offering. The second part is Traumhausverlosung and here, the 2 draws for 2026 are already done, and we are working already on the third house, and we are committed to deliver 6 draws in 2026.

And on the games side, we increased our portfolio further and our billings growth is on track as well. And with that, on the overall guidance, we -- our guidance for 2026 is unchanged even with the weak jackpot environment that we faced in Q1. We expect the revenues to be in the range of EUR 250 million to EUR 260 million and EBITDA to end up at EUR 70 million to EUR 75 million. On the midterm guidance, also nothing changes, double-digit annual revenue growth in the mid-teens and a 30% EBITDA margin to be expected.

And last but not least, the dividend proposal we shared already with you in March. It will be proposed together with the Supervisory Board, a dividend payment of EUR 1.40 per share. This will reflect a total payout of EUR 30 million. And the dividend payment date is planned for the 26th of May after the AGM approved. And like always in the past, we are looking, of course, to be an attractive investment for our shareholders and looking into capital allocation and we'll come back with potential share buybacks or alternative growth initiatives for the rest of the cash generated. And with that, we want to generate significant value for our shareholders.

And with that, back to Stefan for the key takeaways for today.

Stefan Tweraser
CEO & Chairman of Management Board

Thank you, Andrea. So 3 messages that we want to leave you with is, first, we continue to lay the foundation for our long-term growth strategy while consistently investing in diversification and the resilience of our business and the numbers that we delivered in the first quarter of 2026 clearly a testimony to that fact. Our growth despite a weak jackpot market reflects the resilience of our business model and our ability to effectively invest in strategic initiatives. Last but not least, we are strategically expanding our social lottery offering in Germany through Traumautoverlosung, adding a very attractive product for a very attractive customer segment.

With this, thanks for your attention, and we'll hand over to you for questions and answers.

Question & Answer

Operator

[Operator Instructions] And we already have 2 hands up. Mr. Tim Kruse, the stage is yours.

Tim Kruse
Montega AG

Two quick questions from my side. Looking at the marketing spending in Q1, we are quite a bit below the run rate for the full year, if you take it that by quarter. I'm assuming that, obviously, your marketing guidance also assumes a sort of normal jackpot environment. So would it be fair to assume that if this stays as muted as it is at the moment, then your marketing spending would probably also be lower than you initially guided?

And then the second question would be on Traumautoverlosung. If the lotteries are capped to 250,000 tickets, so all that would imply EUR 2.5 million in billings. Can you maybe break that down to how that would -- yes, how that would break down into sales and also maybe how many cars you expect to raffle out this year?

Andrea Behrendt
CFO & Member of Management Board

Okay. Let me start with the marketing question to take that. So you are totally right. Our guidance is, of course, on a standard jackpot environment. A standard jackpot environment for ZEAL means we would expect in a full year 9 jackpots. So at least 2 in a quarter, we have now 0. So of course, the marketing run rate from Q1 is lower than we guided on. We still expect jackpots to come up. And therefore, we still continue with our guidance. But of course, you're right, if no jackpot at all in the year will appear, then we might not be able to allocate the money within our boundary conditions and therefore, not spend it. And on the...

Stefan Tweraser
CEO & Chairman of Management Board

Yes. On the Traumautoverlosung, as I said, please bear with us, we just launched the first product, and we are not going to share any additional numbers at that point in time.

Operator

We will move on to Simon Keller. This is your space, Mr. Keller.

Simon F. Keller
NuWays AG, Research Division

I want to question also the or get some additional comments on the same topics that Tim was already looking at from Traumautoverlosung and also marketing. So on marketing, you mentioned that you had some tests for the charity lotteries that also is the reason for the higher cost per lead above the core brokerage. Can you explain how these tests have gone? When can we expect them to converge, like the cost per lead to converge to the historic average? Or do you think it's more structural that for social lotteries the higher cost per lead going forward as well?

And on Traumautoverlosung, can you share early indications on the ticket sales for season 0?

Andrea Behrendt
CFO & Member of Management Board

Thanks a lot, Simon. I will take the marketing again. So the investments into the new products are not tests anymore. These are actually the consistent marketing investments that we are doing in this area. As the charity lotteries have a higher margin and higher CRVs from the customer side, we are able to also afford these higher CPLs. So while we are tracking that our core brokerage business is rather stable, we will always expect these marketing investments into the other D2C offerings on the social lottery side to be higher because it's new product categories, it's brand investments that need to be established and also it's within our boundary condition because the CRV of these customers are better. And on cars, back to Stefan.

Stefan Tweraser
CEO & Chairman of Management Board

Yes. I unfortunately have to repeat the message today, now sent twice. We are at very early stages and thus, I'm not able to provide any additional information on cars. I can just tell you that we are super happy with the development. When you look at the activity that Traumautoverlosung has been able to generate on social media, you see early indications that this is really very, very well received. We are the first dedicated high-end car lottery in Germany. It's built on the same foundations that we have for Traumhausverlosung. So a very strong social engagement. With this, we have selected Johanniter as the charity partner for

Traumautoverlosung. So bear with us in the next couple of calls, we definitely can provide more information, but we are super happy with the launch of the product.

Operator

And ladies and gentlemen, with no further questions, I will hold the room for another moment in case someone is thinking about raising their hand. What doesn't seem to be the case. Therefore, we 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 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 back over to Andrea once again for your closing remarks.

Andrea Behrendt
CFO & Member of Management Board

Yes. Thank you once again for joining and your interest at ZEAL, and we are looking forward to speak to you soon.

Disclaimer

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

The transcript content was created by:

Copyright © 2026 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 PARTIE 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.
© 2026 S&P Global Market Intelligence.