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ZEAL Network SE (TIMA.DE)

Q4 2023 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Unverified Participant

Good morning, ladies and gentlemen, and welcome to today's Earnings Call of the ZEAL Network SE, following the publication of the full-year results of 2023. I'm delighted to welcome the CEO, Dr. Helmut Becker; as well as CFO, Sebastian Bielski, who will speak in a moment and guide us through the presentation and the results. After the presentation, we will move on to a Q&A session in which you will be allowed to place your questions directly via audio line to the management.

So, having said this, I turn over to you, Mr. Bielski.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

Good morning to everybody and welcome to the earnings call for the annual results of 2023 for ZEAL Network. I hope you can all see the presentation, but if not, you can also access it through the Investor Relations section on our home page. The agenda for today's call is as follows; Helmut will give a short summary, we'll give a business and financial update, we will give you guidance for the financial results for this year, we'll talk a little bit about the squeeze-out of LOTTO24, which we have also announced this morning, and then, Helmut will wrap everything up with some key takeaways for you.

So, over to you, Helmut.

Helmut Becker

Chief Executive Officer, ZEAL Network SE

Thank you, Sebastian. Good morning, everybody, and welcome.

So, in summary of 2023, we have achieved our goals. Revenue and EBITDA are in the upper half of guidance. Billings have grown 11% despite a below-average jackpot scenario. Our customer metrics are healthy. We've increased our number of monthly active users and their spend. We launched games and it is off to a good start. Overall, we've increased our online lottery market share. We've made effective and increasingly efficient investments in marketing, and we are investing into our brand and therefore also into our future. And to our shareholders, we've paid out a very attractive special dividend.

I will now hand back to Sebastian.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

As Helmut has already mentioned, we achieved all of our financial objectives for 2023. Revenue was €116.1 million and EBITDA was €32.9 million, and both came in within the upper half of our guidance, while lottery billings of €843.3 million were actually slightly ahead of our guidance. When you exclude certain one-off and prior-year items, our underlying EBITDA for 2023 would actually be €34.3 million, almost at the top end of our guidance for last year. I will explain the things that we would exclude from the underlying EBITDA in more detail when we look at the P&L on one of the following slides.

All of this, as Helmut has already said, was achieved in a year with a very challenging jackpot environment and while being very disciplined in relation to our marketing expenses, which were about €36 million and therefore in the lower half of our guidance. Our newly launched games business contributed €3 million to revenues and was already profitable after only operating for about half a year with EBITDA of €1.4 million.

As I already mentioned and Helmut as well, the jackpot environment in 2023 was very challenging. As a rule of thumb, we would expect eight to nine peak jackpots per year based on a normal distribution of statistical lottery events. However, in 2023, there were only five peaks, of which three were in LOTTO 6aus49 and two in Eurojackpot. This is well below statistical expectations and also about 29% lower than in 2022, when we had seven peak jackpots.

As you all know, the jackpot environment is very important for us for both billings and revenue as well as for the acquisition of new customers, and we're very proud of the fact that we have achieved all of our financial goals even in such a challenging environment. We were able to grow our lottery billings by 11%, which was the main underlying driver for our revenue growth of 10% versus last year. Total personnel expenses were at about €22.6 million for last year. However, this number includes certain one-off costs in relation to the departure of two C-level Executives and also includes some costs in relation to prior years. Excluding these effects, the underlying personnel costs for 2023 were about €21.5 million or about 14% higher than in 2022.

The growth in underlying personnel expenses was mainly driven by a 7% increase in the number of FTEs, but also by higher variable compensation. Our marketing expenses increased by 6%, mainly due to the start of our brand campaign in the third quarter and also due to a higher investments during a peak jackpot phase in the second quarter. Our direct operating costs increased in line with billings. Our indirect operating expenses increased by 14% and were mainly driven by increased costs for technology and software. The indirect operating expenses also included about €250,000 in one-off costs for the CFO search in last year.

As I already said before, when I talked about how our results compared to our guidance, our EBITDA was €32.9 million. But our underlying EBITDA, which excludes the one-off costs and prior-year costs, would have been €34.3 million, which is 8% higher than last year. When you look at our marketing expenses and cost per lead, 2023 was a tale of two cities. In Q1, our CPL was very much in line with the levels we saw in 2022. In Q2, we saw a meaningful increase in the CPL, which was due to a temporary increase in competitive pressure in online marketing during the high jackpot phase. The CPL stayed high in Q3 when we launched our new brand campaign. But in Q4, the CPL returned back to the levels which we saw in Q1 of last year, but also in 2022. In Q4, we could already see the first positive effects of our brand campaign and then, our aided brand awareness had increased to 47% compared to 40% before the launch of the campaign.

We believe that this increased brand awareness also contributed to driving more organic traffic in the fourth quarter, which was one of the contributing factors to the lower CPL. The other factor was that we were very disciplined and targeted with our customer acquisition activities when media costs were high around Christmas.

As I've mentioned before, our lottery billings grew by 11% versus last year. This means that we again grew faster than the overall market and increased market share. The growth was driven by a 7% increase in the number of monthly active users and a 4% increase in average billings per user. The increase in the number of monthly active users was due to both an increase in our underlying customer base, but also importantly due to a higher level of customer activity.

Our underlying gross billings margin stayed basically flat versus last year. The small decrease of 0.1 percentage points was mainly again due to the lower number of peak jackpots. During peak jackpots, we have a higher share of lottery clubs in our billings, which are higher margin product for us. As I said before, the jackpot environment has a big influence on our ability to attract new customers. When looking at our ability to attract customers during these crucial phases, we saw a very good progress last year. We attracted, on average, 119,000 new customers during each peak jackpot phase, which was 19% higher than in 2022. But due to the fact that we had 29% fewer number of peaks in 2023, we overall attracted a lower absolute number of new customers with 597,000 new customers last year, compared to 703,000 customers in 2022.

As Helmut has already mentioned, our new games business was off to a great start. Having only launched this business at the end of June 2023, we saw total billings of about €41.7 million, revenue of €3 million, and EBITDA of €1.4 million. We currently have 49 games online and are working at bringing more games to our customers. Early KPIs for games are developing very nicely with average revenue per user for games standing at €32.89 in the fourth quarter, which compares very favorably with average revenue per user of €7.78 for our lottery business in the fourth quarter.

ZEAL has continued its long-term trend of increasing its market share to 41.4%. This, again, is a very, very good outcome in a very challenging jackpot market. What we can overall see in our business is that, especially during peak jackpots, we are able to acquire new customers but also activate our existing customer base. So we over proportionately achieve market share growth in years with a high number of jackpots. So, again, the fact that we have increased our market share again last year is a testament to the strength of our business.

Helmut will now walk you through our strategic priorities for this year.

Helmut Becker

Chief Executive Officer, ZEAL Network SE

Thank you, Sebastian. So, in 2024, we will focus on four strategic areas. First, we will improve our billings margin in the lottery brokerage business by selling more high-margin products and since our customers are quite price insensitive, we can selectively charge higher fees. We expect the main impact of this to come later in the year, leading to a billings margin for lotteries of more than 15% in the second half of 2024.

Second, we will further increase our brand awareness and our marketing efficiency and retention. Throughout 2024, we will continue with our brand campaigns for LOTTO24 and we will combine this with performance marketing investments, particular in the good jackpot environments. We see potential to improve our marketing efficiency and our customer retention even further.

Third, we will continue to grow our games business. We do that by increasing the number of games, broadening the games portfolio, and optimizing the way we serve games to customers. And finally, we will launch a new charity lottery product. On the back of the success of freiheit+, in which we will also invest to grow, we want to launch another charity lottery product to serve different customer needs and attract new audiences. These products come with attractive margins, and they can make us less dependent on high jackpots. We will invest into charity lottery, especially in the second half of this year.

And now back to Sebastian to take us through the guidance.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

Thank you, Helmut. These strategic priorities are also obviously reflected in our new guidance for this year. We expect to reach revenue of between €140 million and €150 million, and EBITDA of between €38 million and €42 million. This would represent revenue growth of between 21% and 29%, and EBITDA growth of between 16% and 28%. As Helmut has already explained, we're working on a number of billings margin optimization initiatives and we expect those to be visible in the second half of this year. That means that we will see an acceleration of revenue growth in the second half of this year, so revenue will grow faster in the second half compared to the first half of this year.

As Helmut has also said, we will continue to invest into customer acquisition and branding for our core brokerage business, and we expect to spend between €40 million and €45 million on marketing for this area. We will also continue the growth of our games business. For the new charity lottery, which Helmut mentioned, we expect to launch in the second half of this year, which will require some investment into product development and marketing for this particular product. Given the very, very good trajectory that we're currently seeing, we also expect mid-term revenue growth based on 2023 and until 2026 in the mid to high teens.

Given the very successful year we had in 2023, we expect to pay a basic dividend of €1.10 per share. This compares to a basic dividend of €1 in the last year, that means a payout to shareholders of about €24 million overall. Overall, we have paid €187 million in dividends to shareholders since the business model changed and we've also returned €20 million in the form of share buybacks. We will continue to be very, very disciplined about capital allocation, and we expect to pay out increasing amounts to shareholders in the coming years in the form of dividends and/or share buybacks.

As you may have seen, we've also released an ad-hoc statement to the market this morning regarding the planned squeeze out of the remaining minority shareholders in LOTTO24 and I'll walk you through some of the details. We have this morning entered into legally binding sale and purchase agreements to acquire further shares in LOTTO24. After these transactions have settled, which we expect to happen in the next few days, we will hold about 95.5% of all shares in LOTTO24. We have also today informed LOTTO24 of our intention to initiate squeeze-out procedures according to German Stock Corporation law in relation to the remaining minority shareholders of LOTTO24.

The reason for us to pursue the squeeze-out now is that the remaining tax loss carryforwards, which existed at the level of LOTTO24, have now been fully consumed. And going forward, it will be very tax inefficient if we keep LOTTO24 separate. And so, we also plan to have a tax consolidated group between the LOTTO24 and this will be facilitated by the squeeze-out. Furthermore, we also expect the squeeze out will overall lead to a decreased level of complexity within our group and also to some modest cost savings before financing costs.

We currently plan to finance the squeeze-out by raising some bank debts and we're also already having very good conversations with a number of banks in this regard. We have engaged KPMG to prepare an independent valuation of LOTTO24, which will then determine the cash compensation per share, which ZEAL will pay to the LOTTO24 minority shareholders. The appropriateness of this cash consideration will also be reviewed by a court appointed auditor. We currently expect that the squeeze-out will be resolved in an AGM by LOTTO24 to be held at the end of Q2 or the beginning of Q3.

And Helmut will now give a summary of the six very, very good reasons to invest into the ZEAL shares.

Helmut Becker

Chief Executive Officer, ZEAL Network SE

Thank you, Sebastian. Yeah. Let me finish by reiterating why we think an investment in the ZEAL stock is attractive. We are the clear number one in online lottery in Germany. We have a strong and sustainable cash generating business model. We have outstanding customer loyalty, which is unique in the e-commerce world. We have huge growth opportunities in a still underpenetrated market in terms of online market share. We are expanding into new attractive product categories with charity lottery and games, and we are going to propose an attractive dividend to our shareholders. And that brings us to the end of the presentation.

Unverified Participant

All right. Thank you so much for your presentation. We will now move on to our Q&A session. So for a dynamic conversation, we kindly ask you to ask your questions in person via audio line. [Operator Instructions] And we already received the first virtual hand by Tim, so please go ahead and ask your questions.

QUESTION AND ANSWER SECTION

Q

Yeah. Thank you for taking my question. Sorry for the background noise, but, yeah, and congrats on the exciting outlook. A couple of questions from my side and I'll ask them in bulk, if that's okay. First, on the sales guidance, could you decompose if we take the midpoint of your guidance, let's say, €30 million in this year, could you decompose what we can expect in terms of effect from social lottery games and the margin increases you mentioned in the lottery business?

Then on EBITDA, from your recent presentations, you guided an incremental EBITDA margin of your business of above 80%. However, you're guiding for an incremental margin considerably below that for this year. Can you please comment on what are the effects? In your presentation, you mentioned marketing increases, but that will be helpful if you could shed some light on that.

And then on the CPLs, you mentioned some competitive pressure in Q2 and Q3. Could you comment on where that pressure is coming from, who are the players here and what your expectations are for 2024? And then lastly, sort of on a midterm level, what are your sales share expectations of the games in the social lottery business going forward? Thank you very much.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

Yeah. I'll start with the social lottery. So, as you can see in our segment analysis, we actually don't break this out. So, I'm not in a position to give you any specific numbers to the social lotteries. But in more general level, we have seen very good performance by freiheit+, which is a social lotteries business that we have started four years ago and we can see that it especially opens up new customer groups for us, and the good performance that we're seeing from freiheit+ was also one of the reasons why we want to launch a new social lottery in the second half.

A

The incremental margin that you mentioned is in a steady state environment. So, it basically would mean that we're not investing into new businesses or that we're not incrementally investing into marketing in our existing businesses, both of which we are doing this year, right? And so, we will continue to invest marketing into growing our customer base because we can see or we've seen especially also at the beginning of this year that we are able to acquire customers at really, really good payback periods at the moment. And so, investing into future growth is economically super attractive for us at the moment.

But given that we acquire customers basically for cost now and then, we can monetize them over years and years, there is a timing difference between the time at which the investment is made, which will then, short term, so to say, depress EBITDA and the revenue contribution that we will receive over future years. And then, secondly, as Helmut has also said, we are launching a new social lottery in the second half and there will be investments in product development and also in marketing in connection with these. And we also continue to invest into the freiheit+ business, especially on the marketing side. So, again, it's a little bit not an apples-to-apples comparison when you're pointing at the 8% margin. Helmut will now answer your question on the CPLs.

Helmut Becker

Chief Executive Officer, ZEAL Network SE

A

Yeah. On the marketing side, you asked about the competitive pressure. By the way, that was a lot of questions. So, if we forget to answer one, please remind us. So, the competitive pressure came from both the advertising market in general, but also in certain phases of the year, especially the state lotteries started to increase their investment.

Then, we also during that time period made some scaling experiments. So, we invested into scaling our marketing and that led to somewhat diminished efficiency in those experiments, but it led to very important learnings that we made and that we've already been using and we'll continue to use. And you can see this in more efficient marketing actually in Q4 of last year and also our marketing plans for this year.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

I think the last question that you had asked was around the contribution from social lotteries and games that we expect midterm or going forward, again, we don't break out social lotteries, so I cannot give you a definitive number there. But again, I think the fact that we announced very prominently the launch of a – or the planned launch of a new social lottery gives you an indication that we are very bullish about that sector, and we are very bullish of investing into that sector because we expect this to be a very good and sizable business for us going forward. It is also a business which is quite profitable for us and it's actually incrementally more profitable than our core brokerage business.

In terms of games, as Helmut has explained, we are very, very bullish about games. We can see very, very good early traction and great KPIs, which we think will enable a good scaling of this business. But we are, to a large degree, dependent on the regulator in terms of the speed at which games will be approved, and then also the type of games which we can offer to our customers. And we are also operating in a – within a very tightly boarded license environment, which, to some degree, hinders certain marketing activities that we would otherwise like to do. So, we are very, very confident of the mid-term outlook for the games business. But at the moment, I don't want to give you any specific guidance around the revenue share or profit share from this business.

Q

Yeah. Thanks a lot. Sorry for asking these questions in bulk. As you hear, I have a bit of background noise, so I wanted to avoid that. Just two final follow-up questions. The one was the decompensation of the sales increase this year in terms of rough ballpark, what is the major part coming from for the increase this year? And then just the final question, in terms of segments. You're still reporting Germany and the other segments seeing the rapid increase in games this year. What's the rationale of sticking to that segment reporting? Is there any change may be coming up there? Thank you. Yeah, have a good day. Thanks.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

Yeah. In terms of the segment reporting, this was the annual report for 2023. And for the year 2023, games was still a new business, right, like, about half a year old, which it didn't contribute that much overall, neither in terms of revenue and in terms of EBITDA. If we see games grow further, we may break that out in the segment reporting. It's definitely something that we continuously look at, right? There's also guidance around that coming from IFRS and so forth. So this is – if it grows at like up to a certain size, we would definitely break it out, but at the moment, it's still too small to break out.

In terms of the sales increase, as Helmut has outlined, we are working on the margin improvement initiatives. These are a good and sizable part of the sales increase, but also we expect very good underlying billings growth, right? So we've acquired 500,000 odd customers, new customers last year. As you probably have seen, we had very good peak jackpots at the beginning of this year, which we used very successfully to acquire new customers. So all of these things give us tailwinds in terms of the billings growth as well. So, it will be a mix of both, some very good billings growth, but then also the impact of the [ph] price increase (00:27:19).

Q

Perfect. Thank you very much.

A

All right. Thank you so much for your questions, Tim. We will now move on with the questions from Marius. So, please go ahead and unmute yourself.

Q

Yeah. Hi. Hope you can hear me. Couple of questions from my side as well. The first one would also be on the guidance at your – I mean, coming from the midpoint of your guidance, you're basically guiding for stable margin as you outlined that you want to invest in your business quite substantially. Could you quantify that a little bit? I mean, you mentioned that you're about to spend €40 million to €45 million to marketing, but how much additional investments would you need to establish the second social lottery, for example?

And another question is on the higher margin products. You mentioned that you want to bring your gross margin to more like 15% coming from the 12.8% this year. And that's also the level that we saw over the past few years, I

think. So the step-up seems quite substantial. And what prevented you in the previous years to push the higher margin products further, and what makes you so confident that this will be possible in 2024?

And the last question is on your mid-term outlook. You mentioned that you aim to grow in the mid to high teens, and I understand that this year will be characterized by investments. But going or looking at the margins side of the business, what would be a reasonable target for further margin expansion and especially in the mid-run?

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

Maybe clarification question from my end, when you say margin, do you mean billings margin or EBITDA margin or it just – so I understand what your last question was in relation to?

Q

Yeah. The last question midterm was more on the EBITDA margin.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

Okay. I'll start with that one maybe. I don't want to give you a specific number, but I would point to our market share and the fact that we're a fully digital business. And Tim also mentioned the incremental 80% EBITDA margin that that we talked about. So I think all of these put together and you can look at comparable businesses, digital businesses in markets like ours, marketplace businesses with such market shares. And you can see what kind of EBITDA margins they generate in a stable environment.

And I think, it is something that fundamentally we can achieve. And for us, the question is really around like investments that we want to take versus short-term EBITDA margin. So this is really something that we do and we're big believers in creating shareholder value for all of you guys and for our shareholders and to be very disciplined about capital allocation. So, I don't want to give you a number specifically, but we do think that there is good upside that we will be able to capture in the coming years in terms of the EBITDA margin as well. Maybe, Helmut, would you want to talk about the billings margin and why we're confident about achieving that?

Helmut Becker

Chief Executive Officer, ZEAL Network SE

A

Yeah. So, on the billings margin, so in a more normal jackpot environment, we would have already seen a slightly higher billings margin in 2023. We can and will sell more high margin products like charity lotteries next year. We have also made some more cross-selling experiments in 2023 and the learnings we will apply this year. There is an opportunity to selectively charge higher fees. Like I said, our customers are relatively price insensitive and also, we've seen this in the past and in 2023.

So, for example, the service fees, we can increase and that will drive margin. So like we said, the main impact of this will come in the second half of 2024. And the reason we do this in 2024 is that, we've collected quite a lot of learnings in 2023 that we can now apply in 2024. And maybe, finally, some of our products, which I call derivative products like our lottery clubs and there's other types of products like that, that's also always an opportunity to demand a price premium and we will do more of that.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

I think what Helmut just explained also basically answered your first question, Marius. But if not, then let us know what to expand on.

Q

Yeah. So, any quantification on the investments besides marketing? How much would setting up a new social lottery cost? A ballpark number would be fine.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

We don't want to give a ballpark number at this point in time.

Q

Okay.

A

All right. Thank you so much. We will now move on with the questions from [ph] Henry (00:33:46). So please go ahead and ask your questions.

Q

Hi. Thanks. Good morning, everybody, and thank you for taking my questions. And congratulations on the strong results and the even better outlook for 2024. Basically, two more questions left from my side. I would like to know the – if you have – if you can give a figure, a rough estimate, a ballpark figure on the costs for the squeeze-out of LOTTO24? I mean, obviously, it's not done yet and it's still in negotiations with KPMG. But like a rough estimate in how much [indiscernible] (00:34:16) you're going to pay would be very nice.

And second question, I've seen that the monthly active users in games actually was flat in Q4 compared to Q3 2023. Do you have any reason why it was flat? And follow-up question on that topic is, do you also spend or plan to spend additional marketing for non-lottery customers for the games business? So, you guide for €40 million to €45 million in marketing expenses for 2024. Does that not include obviously games, but do you also plan to spend money for the games business and performance marketing?

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

I'll start with the squeeze-out question and then Helmut will talk about games. On the squeeze-out, you're asking a question that I would really like to know as well. We have only engaged KPMG today and this is not really a negotiation between us and KPMG, but it is KPMG preparing a valuation report as an independent assessor according to certain rules, which is the IDW S1 standard as set by the accounting board. So, it's not a negotiation,

but it's – they're really doing their work as an independent assessor of the value. And then, there will also be a court appointed reviewer for that. So, again, it's a question that I just can't answer right now. We will see.

Helmut Becker

Chief Executive Officer, ZEAL Network SE

A

On the second part of your question, games, the user development, that's a function of the size of the portfolio and especially the type of games that we currently have. So, it's a very homogenic portfolio right now based on the games that have been approved by the regulator so far and because they have such a big backlog, they kind of approved the same – they – so there's a certain preference to approve the same types of games.

So, what's happening is that the users that like to play these games, they increase their activity steadily, which is great, but it also limits us in terms of attracting more different type of users, who would like to play different games. So, this is something that we will – we assume that will happen certainly in the mid-term and we hope the more games we get, some of this we will also already see in the short term. And on the marketing expenses, no, there's no significant marketing expenses planned for games. This could be an upside in the future that we invest into marketing for games and thereby, attract even larger audience to play games.

Sebastian Bielski

Chief Financial Officer, ZEAL Network SE

A

I think maybe one thing to add, and it wasn't your question, but also still maybe something that is important for, not for games, but for freiheit+, we're going down that path of acquiring customers from outside of LOTTO24 because it is a type of lottery, which is very incremental to us. And what we can see is that this is a lottery with which we can target a user group or customer group, which is not a classic LOTTO24 customer, like younger audience, more female audience. So, this is something where we see a good opportunity to deploy marketing in addition to the core marketing that we're doing and grow the lottery market actually.

Q

All right. Got it. Thank you. One follow-up that I'd like to ask as well regarding the tax rate, I've seen that Q4 a little bit higher tax rate than I previously assumed. And you mentioned before that the tax loss carried forward for LOTTO24 is basically used up already. What's like a rough ballpark figure for 2024 regarding your tax rate? Is it going to stay in this more or less elevated levels or do you think it will decrease for the corporate tax rate of 30% in Germany?

Helmut Becker

Chief Executive Officer, ZEAL Network SE

A

For 2024, it will probably be at a more elevated level and the tax rate is also one of the reasons, as I had explained, why we're pursuing the squeeze out now, right? So we have a – an entity which is LOTTO24 entity, which is very profitable. And we have ZEAL as a holding company, an entity which also employs people, so there is losses being made there. At the moment, these two do not form a tax consolidated group, so we cannot offset the gains at LOTTO24 with losses at ZEAL. Until we have finished the squeeze-out, this will continue to be the fact and this is also one of the reasons why we're doing it. And so for this year, still an elevated but then hopefully going forward, we will have a much more tax efficient group structure.

Q

All right. Perfect. Thank you very much.

A

Thank you for your questions, [ph] Henry (00:40:15). So by now, we have no questions left. So just a quick reminder, at that point, if there are still open topics you would like to discuss with Helmut and Sebastian, just raise up your virtual hand. So and now, we have a follow-up question from Tim. So, please go ahead.

Q

Yeah, just one final follow-up, just for clarification. Are you in now to advertise for games at the moment? Thanks.

Helmut Becker

Chief Executive Officer, ZEAL Network SE

A

Yes. So, the limitations we have are very strict in terms of cross-sell to the existing customer base. And, of course, there are also advertising limitations, so at certain times of the day and come – appeal to minors. But, yes, we can advertise for games and you could actually see a lot of advertising for games on TV.

Q

Okay. Thank you. Thanks for [indiscernible] (00:41:18).

Unverified Participant

So, thank you so much. In the meantime, we have received no further questions, so we therefore come to the end of today's earnings call. A big thank you to you, Helmut and Sebastian, for the presentation and the time you took to answer all the questions. So should further questions arise from you, ladies and gentlemen, at a later time, please feel free to contact Investor Relations and, yeah, so from my side, I wish you all a lovely remaining week and thank you for listening and you've shown interest in ZEAL. And I handover again to Helmut and Sebastian for some final remarks.

Helmut Becker

Chief Executive Officer, ZEAL Network SE

Well, thanks, everybody. I think we, as a management team, are super excited about this year. I think it would be a very, very good year. We're excited to continue the dialogue with you as investors. And, yeah, I'm looking forward to meeting many of you in upcoming investor conferences. And have a nice day. Thank you. Bye-bye.

Unverified Participant

Thank you. Bye-bye.

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