
BUSINESS COMBINATION AGREEMENT

between

ZEAL Network SE, London, United Kingdom

and

Lotto24 AG, Hamburg, Germany

dated

24 December 2018

BUSINESS COMBINATION AGREEMENT

(the "Agreement")

between

ZEAL Network SE, 5th Floor, One New Change, London EC4M 9AF, United Kingdom, registered at Companies House under SE000078, jointly represented by the members of its Executive Board,

– "ZEAL" –

and

Lotto24 AG, Straßenbahnring 11, 20251 Hamburg, Germany, registered in the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Hamburg under HRB 123037, jointly represented by the members of its management board (*Vorstand*)

– "Lotto24" –

– ZEAL and Lotto24 each individually a "Party" and collectively the "Parties" –

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PREAMBLE

- (A) ZEAL is a Societas Europaea under the laws of England and Wales. Its share capital amounts to EUR 8,385,088 and is divided into 8,385,088 registered shares of a notional value of EUR 1.00 each (collectively "**ZEAL Shares**", and each individually a "**ZEAL Share**"). The ZEAL Shares are admitted to trading on the Regulated Market of the Frankfurt Stock Exchange ("**FSE**") under ISIN GB00BHD66J44, but not on any other stock exchange. Trading of the ZEAL Shares is effected in the form of so-called Clearstream Interests issued by Clearstream Banking AG, Frankfurt am Main, Germany, acting as nominee, to ZEAL's shareholders.
- (B) Lotto24 is a stock corporation (*Aktiengesellschaft*) under German law. Its stated capital (*Grundkapital*) amounts to EUR 24,154,890 and is divided into 24,154,890 ordinary no-par-value registered shares (*auf den Namen lautende Stammaktien ohne Nennbetrag*) (collectively "**Lotto24 Shares**", and each individually a "**Lotto24 Share**"). The Lotto24 Shares are admitted to trading on the Regulated Market of the FSE under ISIN DE000LTT0243, but not on any other stock exchange.
- (C) ZEAL's Executive Board with the approval of ZEAL's Supervisory Board has determined on 19 November 2018 that the Takeover Offer (as defined below) is consistent with, and will advance, the business strategies and goals of ZEAL, and is in the best interest of its shareholders, employees and other stakeholders.
- (D) Against this background ZEAL published an announcement pursuant to Section 10 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs-und Übernahmegesetz – "WpÜG"*) (the "**Offer Announcement**") on 19 November 2018 (the "**Announcement Date**") that it had made the decision to make a voluntary takeover offer for all Lotto24 Shares pursuant to Section 29 (1) (the "**Takeover Offer**").
- (E) The consideration to be offered in the Takeover Offer for all Lotto24 Shares was announced and communicated to the capital markets by ZEAL (i) to be in the form of newly issued shares in ZEAL and (ii) to reflect the 3-month volume weighted average price of both the ZEAL Shares and the Lotto24 Shares prior to the Announcement Date. The relevant 3-month volume weighted average share price was notified to ZEAL by BaFin in a letter dated 27 November 2018. The valid three-month average share price notified by BaFin for the relevant reporting date of 19 November 2018 amounts to EUR 13.45 for the Lotto24 Shares and to EUR 21.58 for the ZEAL Shares. Based on the notified share prices, ZEAL has decided to offer one ZEAL Share in exchange for 1.604 Lotto24 Shares each as consideration in the Takeover Offer (the "**Consideration**").

- (F) The settlement of the Takeover Offer is intended to be made subject (*aufschiebende Bedingung*) only to (i) a minimum acceptance threshold of 50 % plus one share (ii) the Ministry of the Interior and Sports of Lower Saxony granting a new permit to, or extending an existing permit (or confirming in writing that no extension is required) of, Lotto24 and/or a company which is or can be controlled or consolidated by ZEAL ("**ZEAL Group Company**"), to broker lotteries under Sections 4 and 19 of the State Treaty of Games of Chance (*Glücksspielstaatsvertrag*) to the effect that Lotto24 and/or the ZEAL Group Company are also allowed to broker lotteries via the domain www.tipp24.com, (iii) the Ministry of the Interior and Sports of Lower Saxony consenting to (or confirming in writing that no consent is required) the commissioning of a ZEAL Group Company by Lotto24 and/or another ZEAL Group Company with the provision of certain services in the context of brokering lotteries in Germany and (iv) the absence of a material increase of Lotto24's stated capital (*Grundkapital*), including the issuance of conversion or similar rights ("**Offer Conditions**" and the Offer Conditions (ii) and (iii) together the "**Gambling Regulatory Conditions**").
- (G) ZEAL has entered into irrevocable undertaking agreements regarding the tender of the Lotto24 Shares held by Othello Vier Beteiligungs GmbH & Co. KG (representing approximately 41.62 % of the stated capital of Lotto24), Mr Jens Schumann (representing approximately 3.65 % of the stated capital of Lotto24) as well as High Street Partners, Ltd. and Working Capital Partners, Ltd. (jointly representing approximately 19.71 % of the stated capital of Lotto24) into the Takeover Offer by way of acceptance of the Consideration (the "**Agreed Tenders**"). The Agreed Tenders add up to approximately 65 % of the entire share capital of Lotto24 and, therefore, by themselves exceed the minimum acceptance threshold.
- (H) As a result of the Takeover Offer and the Agreed Tender in relation to Othello Vier Beteiligungs GmbH & Co. KG, the combined shareholding of Othello Vier Beteiligungs GmbH & Co. KG and Othello Drei Beteiligungs GmbH & Co. KG in ZEAL would reach or exceed 30 %. Othello Vier Beteiligungs GmbH & Co. KG has therefore undertaken to tender its Lotto24 Shares into the Takeover Offer only subject to a dispensation of it and all persons acting in concert with it (for the purposes of the UK City code on Takeovers and Mergers ("**Takeover Code**")) from the obligation to make a general offer for the shares in ZEAL, such dispensation to be granted by way of a whitewash resolution of the independent shareholders of ZEAL pursuant to Note 1 of the Notes on Dispensations from Rule 9 of the Takeover Code, with the approval by the Panel on Takeovers and Mergers ("**Whitewash**"). ZEAL is willing to take the necessary steps to implement the Whitewash.
- (I) Against the background of the Takeover Offer, the Parties started a discussion about potential benefits for their respective stakeholders, in particular their



shareholders, of a cooperation of Lotto24, as Germany's largest private digital lottery broker, with ZEAL, as one of the largest secondary lottery operators in Germany and an international online lottery innovator, following the completion of the Takeover Offer (and, thereby, ZEAL having become Lotto24's majority shareholder) as independent entities in a de facto group (*faktischer Konzern*) pursuant to Sections 311 et seq. of the German Stock Corporation Act (*Aktiengesetz – "AktG"*) (the "**Cooperation**"). As part of the Cooperation ZEAL intends to transform its German-language secondary lottery business currently operated on the tipp24.com website into a brokerage business operating under German lottery brokerage licenses.

- (J) This Agreement is intended to set forth the principal terms and mutual understanding of the Parties with respect to the Cooperation and certain aspects of the Takeover Offer as well as the mutual intentions and understandings of the Parties with regard thereto, the future organizational and corporate governance structure of ZEAL and Lotto24 and the business strategy of both Parties in a de facto group (*faktischer Konzern*).
- (K) Lotto24's management board (*Vorstand* – the "**Lotto24 Management Board**") and Lotto24's supervisory board (*Aufsichtsrat* – the "**Lotto24 Supervisory Board**"), based on the information available to date, have taken the view that the proposed Cooperation contemplated by this Agreement is in the best strategic interest of Lotto24, its shareholders and other stakeholders. On this basis, the Lotto24 Management Board and the Lotto24 Supervisory Board have approved the execution of this Agreement.

Therefore, the Parties hereto agree as follows:

§ 1

Progress of the Takeover Offer and Reasoned Statement by Lotto24's Corporate Bodies

- 1.1 Subject to the approval of the Whitewash by the independent shareholders of ZEAL:
 - 1.1.1 in relation to the Takeover Offer, ZEAL will prepare an offer document pursuant to § 11 WpÜG (the "**Offer Document**") in accordance with the provisions of the WpÜG and the Takeover Act Offer Ordinance (*WpÜG-Angebotsverordnung*) and in accordance with the terms of this Agreement relating to the Takeover Offer (including the relevant statements in the Preamble the "**Offer Terms**"); ZEAL shall give Lotto24 and its advisors the opportunity to review and comment on a draft of the Offer Document within reasonable time before the Offer Document is approved by BaFin and shall duly consider any comments received;

- 1.1.2 ZEAL will submit the Offer Document within the statutory submission period pursuant to Section 14 (1) WpÜG, subject to any extension granted to it;
 - 1.1.3 the consideration offered for Lotto24 Shares in the Takeover Offer will conform to the Consideration as set out in Preamble (E);
 - 1.1.4 ZEAL will publish the Offer Document without undue delay after approval, subject only to the ZEAL shareholders having resolved in a general meeting to (i) approve the Takeover Offer and the purchase of shares in connection with it, as well as the authorization of the ZEAL Executive Board to allot new shares as required to fund the Consideration and (ii) approve the Whitewash;
 - 1.1.5 the Takeover Offer will be subject to no other conditions than the Offer Conditions specified in Preamble (F);
 - 1.1.6 the Takeover Offer will provide for an initial acceptance period of up to ten weeks; and
 - 1.1.7 the Offer Document will include a summary description of the material content of this Agreement (in particular containing summaries of § 3, § 4, § 5 and § 7).
- 1.2 Without undue delay (*unverzüglich*), and in any case within two weeks from the publication of the Offer Document, Lotto24 shall procure that the Lotto24 Management Board and the Lotto24 Supervisory Board, either separately or jointly, (i) prepare a statement required pursuant to Section 27 WpÜG (*begründete Stellungnahme*, the “**Reasoned Statement**”) in accordance with their obligations under applicable laws, in particular the WpÜG, and (ii) publish the Reasoned Statement pursuant to Sections 27 (3), 14 (3) WpÜG.
- 1.3 Single members of the Lotto24 Supervisory Board may publish separate opinions if and to the extent they decide not to participate in the Reasoned Statement due to potential conflicts of interests.
- 1.4 ZEAL acknowledges that the process of evaluating the Takeover Offer and the financial adequacy of the Consideration initiated by Lotto24 is still ongoing. However, the Lotto24 Management Board and the Lotto24 Supervisory Board approve the Cooperation from a strategic point of view. Based on a preliminary internal financial assessment of the proposed transaction and the related synergy benefits, the Lotto24 Management Board expects that the Cooperation will provide additional value to Lotto24 shareholders. On this basis, the Lotto24 Man-

agement Board and the Lotto24 Supervisory Board will continue their assessment of the financial adequacy of the Consideration, taking into account in particular the fairness opinion to be issued to them by Lotto24's financial advisor.

§ 2

Warranties by ZEAL

2.1 ZEAL hereby warrants to Lotto24 by way of an independent promise of warranty (*selbständiges Garantieverprechen*) pursuant to section 311 German Civil Code ("BGB") that the statements set forth in this § 2 (the "ZEAL Warranties") are true and correct as at the date of this Agreement as well as at Completion:

2.1.1 ZEAL validly exists and is duly incorporated in accordance with UK law. It is vested with the necessary capacity under corporate law to be the owner of its assets and to conduct its business.

2.1.2 ZEAL has the power and authority to enter into and perform its obligation under this Agreement and the transactions contemplated by this Agreement. Subject to the resolutions to be taken by the general meeting of ZEAL shareholders pursuant to 1.1.4, ZEAL has obtained all approvals required by it to enter into and perform this Agreement and the transactions contemplated hereby.

2.1.3 The execution and performance of this Agreement will not result in a breach of the articles of association or rules of procedure of ZEAL or legal provisions, decisions, decrees, court orders, orders by public authorities or any other mandatory rules by which ZEAL is bound.

2.1.4 The new ZEAL Shares to be granted to the shareholders of Lotto24 as consideration upon Completion will have been validly issued, fully paid and will be non-assessable. They will be free and clear of any third party rights, freely transferable and fully fungible with the existing ZEAL Shares as well as admitted to trading on the Frankfurt Stock Exchange in the sub-segment with additional post-admission obligations (Prime Standard) upon Completion.

2.1.5 No insolvency proceedings or comparable proceedings under applicable law over the assets of ZEAL or a ZEAL Group Company have been opened or dismissed because of a lack of assets, nor has an insolvency administrator, a preliminary insolvency administrator or a similar officer been appointed with respect to the assets of ZEAL or a ZEAL Group Company.



- 2.1.6 The statements contained in the quantified financial benefits statement published by ZEAL on the Announcement Date and attached hereto as **Annex 2.1.6** have been made by ZEAL in good faith after due and careful consideration and are based upon reasonable assumptions (*kaufmännisch vertretbar*).
- 2.1.7 In the context of the preparation and implementation of the Takeover Offer ZEAL has complied with the provisions of the WpÜG and other applicable public takeover rules.
- 2.2 In case of a breach of the ZEAL Warranties, ZEAL shall be liable to Lotto24 for damages in cash (*Schadensersatz in Geld*).

§ 3

Business Strategies of the Parties

- 3.1 The objective of the Cooperation is to combine and leverage the strengths of the Parties in Germany and in international markets as independent entities in a de facto group (*faktischer Konzern*). All terms of the Cooperation before and after Completion shall comply with the arm's length principle (*einem Drittvergleich standhaltend*) and the statutory requirements applicable in a de facto group (*faktischer Konzern*), in particular the obligation of ZEAL to compensate Lotto24 for disadvantages in case detrimental measures are induced by ZEAL (*Nachteilsausgleichspflicht*) (the "**Cooperation Principles**").
- 3.2 ZEAL does not currently intend to pursue a domination and/or profit and loss transfer agreement with Lotto24 as dominated entity (*beherrschtes Unternehmen*) ("**DPLTA**").
- 3.3 Lotto24's core business shall remain a brokerage business operating under German lottery brokerage licenses, and there is no intention of ZEAL to transfer Lotto24's customers to a secondary lottery business.
- 3.4 ZEAL shall transform its German-language secondary lottery business currently operated on the tipp24.com website to a brokerage business operating under German lottery brokerage licenses within a period of 12 months following Completion.
- 3.5 After the signing of this Agreement, both Parties will work jointly to realize synergies among each other, a part of which to be implemented following Completion and another part upon completion of the change of ZEAL's secondary lottery business to lottery brokerage, in particular by cooperating in compliance with the Cooperation Principles. Specific measures to raise the intended synergies in ac-



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cordance with the provisions of this § 3.5 shall be agreed by the Parties in writing in a binding form (the "**Road Map**") in due course after the signing of this Agreement.

- 3.6 The Parties intend to add value to their respective businesses by supporting each other in investing in new product developments and pursuing organic growth to ensure the success of their respective businesses and by providing each other with access to the other Party's internal resources, including its experts in marketing, product development and engineering, on terms complying with the Co-operation Principles. Lotto24 will further benefit from the flexibility provided by ZEAL's financial resources as well as from the opportunities offered by ZEAL's existing and developing diverse international portfolio.
- 3.7 ZEAL shall not (neither directly nor indirectly) initiate or support (or induce the Lotto24 Management Board or the Lotto24 Supervisory Board or any holder of Lotto24 Shares to initiate or support) any sale or other disposal of material assets of Lotto24 unless otherwise agreed by the Parties.
- 3.8 After completion of the transformation of its German-language secondary lottery business as set forth in 3.4, ZEAL shall conduct its business operations and shall procure that ZEAL's affiliates (within the meaning of Sections 15 et seq. AktG) conduct their business operations in compliance with the view of the competent regulatory authorities in Germany and, if such compliance cannot be achieved, discontinue or procure discontinuation of such business activities, as applicable.



§ 4

Corporate Governance of the Parties

- 4.1 Subject to Completion, Petra von Strombeck and Magnus von Zitzewitz, as current members of the Lotto24 Management Board, will be offered the opportunity to join the ZEAL Executive Board. In order to reduce the risk of conflicts of interest occurring due to dual board memberships in the Executive Board of ZEAL and the Lotto24 Management Board during the phase of planning, negotiating and agreeing on the specific contents of the Cooperation and of the Road Map, such offers will, however, only be made after expiry of a 180 calendar days period from Completion (the "**CG Implementation Date**") or at such earlier point in time at which the Parties reasonably conclude that the contents of the Cooperation and the Road Map are sufficiently agreed and, therefore, the risk of conflicts of interest has decreased (in which case such earlier point in time shall be the CG Implementation Date).
- 4.2 Lotto24 Management Board
- 4.2.1 ZEAL has full trust in the current members of the Lotto24 Management Board and will seek the Lotto24 Management Board to continue leading Lotto24 in their current roles, as they are of vital importance to the future success of Lotto24. Therefore, ZEAL does not intend to make, support or initiate changes to the current composition of Lotto24 Management Board, other than seeking to have Jonas Mattsson join the Lotto24 Management Board, but not earlier than the CG Implementation Date.
- 4.2.2 The Lotto24 Management Board shall, as long Lotto24 is a member of a de facto group with ZEAL, continue to manage Lotto24 independently and exclusively in its own responsibility pursuant to and within the framework of German law before and after the CG Implementation Date. Consequently, ZEAL acknowledges that there is no obligation on the part of the Lotto24 Management Board or any of its members to carry out or refrain from a legal transaction or act at the inducement of ZEAL, whether in form of a request, a demand, or an instruction.
- 4.3 The Parties acknowledge that the above arrangements regarding the composition of the management bodies of ZEAL and Lotto24 may create conflicts of interests when decisions have to be made in connection with the Cooperation. The Parties shall use their best efforts to make sure adequate measures will be taken by the corporate bodies and/or their members to avoid or handle such conflicts of interest in the best interest of the respective Party.

§ 5

Corporate Seat and Head Office; Locations

- 5.1 Following Completion, ZEAL will propose to its general meeting a transfer of its corporate seat (*Sitz der Gesellschaft*) and head office (*Verwaltungssitz*) from the United Kingdom to Germany, to the extent legally possible.
- 5.2 ZEAL undertakes not to cause Lotto24 to relocate its corporate seat (*Sitz der Gesellschaft*) and head office (*Verwaltungssitz*) or any of its significant operations and assets (*wesentliche Unternehmensteile*) from Hamburg.

§ 6

Dividend Policy

ZEAL acknowledges that Lotto24 has in the past not paid dividends due to a lack of distributable profits. It further acknowledges that Lotto24's future dividend policy will, absent of a DPLTA, need to duly consider the financial needs of Lotto24.

§ 7

Employees

- 7.1 ZEAL acknowledges that the employees of Lotto24 are a pillar for the continued success of Lotto24. ZEAL acknowledges that the success of the Cooperation, and in particular the continued success of Lotto24, depend on the creativity and performance of Lotto24's employees and their potential for innovation.
- 7.2 ZEAL is willing to support the Lotto24 Management Board in maintaining and developing an attractive and competitive framework to retain an excellent employee base.
- 7.3 The Parties will mutually define an organizational target structure that makes efficient use of the combined employee resources and talents for the benefit of both Parties.
- 7.4 ZEAL undertakes to ensure the adequate participation of Lotto24's management and employees in Lotto24's success by maintaining existing or implementing new incentive schemes.

§ 8

Approval by Corporate Bodies

- 8.1 ZEAL hereby confirms that its Executive Board has, with the approval of the Supervisory Board, agreed to enter into and execute this Agreement.

- 8.2 Lotto24 hereby confirms that the Lotto24 Management Board has, with the approval of the Lotto24 Supervisory Board, agreed to enter into and execute this Agreement and that no further approval or permission is required on the part of Lotto24 to enter into and execute this Agreement.

§ 9

Cooperation Regarding Gambling Regulatory Permits

- 9.1 Subject to sentence 2, ZEAL and Lotto24 shall closely cooperate with each other in relation to gambling regulatory approvals required in connection with the Cooperation. The terms of such cooperation before and after Completion shall comply with the Cooperation Principles.

9.1.1 The Parties acknowledge that the Cooperation requires that German gambling regulatory authorities permit the brokerage of state lottery tickets to customers of the current secondary lottery business independently operated by ZEAL's consolidated minority participations, MyLotto24 Limited and Tipp24 Services Limited. The Parties furthermore acknowledge that, in order to maximize the synergies available through the Cooperation, it would be preferable for Lotto24 to be permitted to broker lotteries via the domain www.tipp24.com and to commission services in the context of brokering lotteries in Germany from a ZEAL Group Company, both as foreseen in the Gambling Regulatory Conditions.

9.1.2 To the extent legally possible, Lotto24 undertakes to apply for the decisions referred to in the Gambling Regulatory Conditions with the Ministry of the Interior and Sports of Lower Saxony. Subject to the foregoing sentence, any such applications shall be made in close cooperation with ZEAL and its advisers and subject to ZEAL's express prior approval. Lotto24 shall furthermore procure that a ZEAL representative (chosen by ZEAL) is offered the opportunity to take part in all meetings or conversations with German gambling regulatory authorities.

9.1.3 The Parties shall use their best endeavors to (i) secure the occurrence of the Gambling Regulatory Conditions prior to the end of the initial acceptance period of the Offer and (ii) negotiate and conclude (to the extent applicable, subject to Completion) all contractual arrangements that provide the basis to make available the brokerage services of Lotto24 to the current customers of Tipp24 Services Limited, provided, however, that (i) such arrangements comply with the requirements of § 9.1 sent. 2 and (ii) Lotto24 shall not be under any obligation to make

any commitments having detrimental effects on its business, assets or results of operations unless and to the extent ZEAL has previously agreed to reimburse Lotto24 for any such detrimental effects.

- 9.2 Each Party shall promptly provide the respective other Party with copies of all notices or other communications received or provided from or to any regulatory authority in relation to the undertakings pursuant to this § 9.
- 9.3 The obligations under this § 9 shall be subject to applicable laws, including laws relating to the sharing of information. The Parties acknowledge that the confidentiality agreement among the Parties of 15 November 2018 ("**Confidentiality Agreement**") shall apply with regard to any information furnished to the respective other Party hereunder. Information may be withheld, redacted or shared on a confidential counsel-to counsel basis as necessary to comply with contractual arrangements and with applicable law and to address reasonable privilege or confidentiality.

§ 10 **Indemnification**

ZEAL shall indemnify Lotto24 against all losses suffered in connection with a failure to fulfil its obligations under § 3.8. However, the indemnification and the duty of reimbursement by ZEAL shall not apply for any losses that are founded on an intentional or grossly negligent breach of duty by Lotto24. Any claims by Lotto24 under this § 10 arisen, but not settled during the term of this Agreement shall survive the expiry or termination of this Agreement and shall become time-barred (*verjährt*) on the second anniversary of the date of expiry or termination, as applicable.

§ 11 **Consolidation**

- 11.1 It is the Parties' mutual understanding that, following Completion, ZEAL will achieve, and Günther SE will maintain, a controlling influence in the meaning of Section 290 para. 1, first sentence of the German Commercial (*Handelsgesetzbuch – HGB*) over Lotto24, and that ZEAL and Lotto24 will, *inter alios*, have to be included in the consolidated accounts of both ZEAL and Günther SE.
- 11.2 In this case, as of such point of time and for as long as Lotto24 will have to be included in the consolidated accounts of ZEAL and Günther SE, Lotto24 undertakes to ZEAL to provide it and Günther SE without undue delay upon ZEAL's or Günther SE's request with all information and documents at its disposal which ZEAL or Günther SE reasonably require in order to draw up their respective consolidated accounts (covering, *inter alios*, ZEAL and Lotto24).



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§ 12

Effectiveness, Term and Termination

- 12.1 The Agreement shall become effective upon signature and shall have a fixed term, ending two years after the date hereof.
- 12.2 The Agreement may be terminated with immediate effect by giving notice thereof to the other Party,
- 12.2.1 by either Party if (i) the Whitewash has not been approved by the independent shareholders of ZEAL by 31 January 2019, (ii) the Gambling Regulatory Conditions have not been satisfied by 30 June 2019; (iii) the Takeover Offer lapses as result of the non-satisfaction, and absent of a waiver by ZEAL, of any other Offer Condition; or (iv) the respective other Party has breached any material provision of this Agreement;
- 12.2.2 by Lotto24 in the following cases:
- 12.2.2.1 ZEAL has not published the Offer Document in accordance with the Offer Terms on or prior to 1 February 2019;
- 12.2.2.2 the Takeover Offer contains completion conditions other than the Offer Conditions, *provided, however*, that immaterial deviations shall be irrelevant;
- 12.2.2.3 the Takeover Offer is not settled by 30 September 2019;
- 12.2.2.4 the intentions of ZEAL as published in the Offer Document with regard to the strategy of ZEAL differ materially from those set forth in this Agreement;
- 12.2.2.5 a competing public offer for Lotto24 Shares has been provided to the Lotto24 Management Board by a third party which (i) has been approved by BaFin and (ii) in the view of the Lotto24 Management Board, acting reasonably and in good faith, and taking into account all elements of the offer, provides for more beneficial terms than the Takeover Offer; or
- 12.2.2.6 if any other circumstance exists that would cause the members of the Lotto24 Management Board to violate their duties under applicable law by not terminating this Agreement.



- 12.3 Notice of any termination must be given in writing and must be made within ten Business Days after the terminating Party having become aware of the event triggering a termination right. In the event of termination of this Agreement, this Agreement shall have no further effect save for those provisions the survival of which is expressly agreed in this Agreement (and which shall remain in full force and effect) but without prejudice to the accrued rights of each Party upon termination. The termination shall not affect the right of any Party to claim damages pursuant to applicable laws due to a breach by the other Party of its obligations under this Agreement.
- 12.4 The right to terminate this Agreement for good cause (*aus wichtigem Grund*) shall remain unaffected. Good cause shall exist where the terminating Party, taking into account all circumstances of the specific case and weighing the interests of the Parties, cannot reasonably be expected (*unzumutbar*) to continue the contractual relationship through the remainder of the agreed fixed term (Section 314 (1) sentence 1 BGB).

§ 13

Assignment; no Third Party Rights; Costs; Break Fee

- 13.1 Any rights under this Agreement may only be assigned with the prior written consent of the other Parties.
- 13.2 For the avoidance of doubt, this Agreement shall only grant rights to the Parties and shall not constitute a contract for the benefit of third parties (*Vertrag zu Gunsten Dritter*) or a contract with protective effect for third parties (*Vertrag mit Schutzwirkung für Dritte*).
- 13.3 Each Party shall bear its own fees and expenses with regard to the Cooperation and the conclusion of this Agreement.
- 13.4 Notwithstanding § 13.3 and subject to sentence 2 below, ZEAL shall reimburse Lotto24 for all reasonable, documented out-of-pocket expenses incurred by Lotto24 after the publication of the Offer Announcement by ZEAL for advisor costs in connection with the Takeover Offer up to a maximum amount of EUR 500,000 if
- 13.4.1 ZEAL does not publish the Offer Document on the Offer Terms in accordance with the time limitations set forth in the Takeover Act; *provided, however*, that immaterial deviations from the Offer Terms shall not trigger such cost reimbursement;



- 13.4.2 the Gambling Regulatory Conditions have not been satisfied by 30 June 2019 and as a result thereof the Takeover Offer is not consummated, i.e. settled, unless Lotto24 has violated its obligations with respect to obtaining such approvals under this Agreement and thereby caused or contributed to the failure to obtain such approvals;
- 13.4.3 the Takeover Offer lapses because the Offer Condition set forth in Preamble (F) (i) has not been satisfied; or
- 13.4.4 ZEAL does not consummate, i.e. settle the Takeover Offer although it is obligated to do so.

However, the obligation to reimburse Lotto24 for costs under § 13.4.1 to § 13.4.3 above shall not apply in case a competing public offer for Lotto24 Shares has been launched until the end of the acceptance period under the Takeover Offer that has been supported by the Lotto24 Management Board and the Lotto24 Supervisory Board in their statements pursuant to Section 27 WpÜG.

§ 14

External Communication

- 14.1 The Parties acknowledge that a copy of this Agreement will be published on ZEAL's website, as required by the Takeover Code.
- 14.2 In relation to the conclusion of this Agreement, Lotto24 shall publish an announcement of inside information pursuant to Art. 17 para. 1 of Regulation (EU) No. 596/2014 on market abuse as set forth in Annex 14.2 (a) and ZEAL shall publish an announcement as set forth in Annex 14.2 (b).
- 14.3 The Parties shall reasonably coordinate any further press releases in relation to the Cooperation and the Takeover Offer.

§ 15

Notices

All notices, requests and other communication in connection with this Agreement shall be made in writing in the English language and shall be delivered personally or sent by registered mail (*Einschreiben*), via e-mail-transmitted PDF copies of originals, or via courier, to the addresses below or to such other addresses as may be specified by any Party to the other Parties in the same manner:



15.1 if to ZEAL:

Dr Helmut Becker
ZEAL Network SE
5th Floor, One New Change
London EC4M 9AF
United Kingdom
E-mail: helmut.becker@zeal-network.co.uk

15.2 if to Lotto24:

Petra von Strombeck
Lotto24 AG
Straßenbahnring 11
20251 Hamburg
Germany
E-mail: petra.vonstrombeck@lotto24.de

or to such other recipients or addresses which may be notified by any Party to the other Parties in the future in writing.

§ 16

Miscellaneous

- 16.1 Nothing in this Agreement shall prevent Lotto24, the Lotto24 Management Board or the Lotto24 Supervisory Board from acting in accordance with (i) their fiduciary duties under German law, in particular, the duty of care and loyalty under Sections 93 and 116 AktG; (ii) the concept of managerial neutrality (Section 33 WpÜG); and (iii) managerial tasks and duties to the extent legally required including the business judgment rule (Sections 76, 93 as well as 116 AktG).
- 16.2 Any amendments to this Agreement (including amendments to this paragraph) shall be valid only if made in writing, unless another form is required by mandatory law; Section 127(2) BGB shall apply.
- 16.3 All words used in this Agreement will be construed to be of such gender or number as the circumstances require. The words „including“ and „in particular“ shall not limit the preceding or following words or terms.
- 16.4 Wherever English terms are included herein with respect to which German terms have been inserted in brackets and/or italics either immediately after the English term or elsewhere herein, the respective German terms alone rather than the

English terms shall be decisive for the interpretation of such term in this Agreement.

- 16.5 No Party shall be entitled to assign any rights or claims under this Agreement without the prior written approval (which shall include approval via e-mail) by the other Parties.
- 16.6 Except as explicitly provided for herein, no Party shall be entitled to any set-off (*Aufrechnung*) or retention (*Zurückbehaltung*) with respect to any rights or claims under this Agreement unless the right or claim of the Party claiming a right of set-off or retention has been acknowledged in writing by the other Party or has been confirmed by a final judicial decision (*rechtskräftig festgestellt*).
- 16.7 The Parties explicitly declare that this Agreement is not intended to form a legal unity (Section 139 of the German Civil Code – *BGB*) with other legal transactions or agreements effected or concluded by the Parties in the past or in the future.
- 16.8 In the event that one or more individual provisions of this Agreement are entirely or partially invalid or unenforceable, or become so in the future, or if this Agreement contains gaps, the validity and effectiveness of the remaining provisions of this Agreement shall remain unaffected. In the place of the invalid, unenforceable, or missing provision(s), this Agreement shall be deemed to contain such other provision or provisions that are valid and enforceable and correspond to the provision(s) that the Parties would have agreed to, giving consideration to the economic purpose of this Agreement, had they known on the signing of this Agreement about the invalidity, unenforceability or absence of the provision(s) contained herein. Each Party undertakes to confirm the applicability of such substitute provision in the form required, which shall be at least in written form.

§ 17

Governing Law and Arbitration

- 17.1 This Agreement and any disputes arising out of or in connection with it shall be governed by and construed in accordance with the substantive laws of the Federal Republic of Germany without giving effect to the choice of law principles thereof which would result in the application of the laws of any other jurisdiction.
- 17.2 All disputes arising out of or in connection with this Agreement, including disputes on its conclusion, binding effect, amendment and termination, shall be resolved, to the exclusion of the ordinary courts, by a three-person arbitral tribunal in accordance with the Arbitration Rules of the German Arbitration Institute



(DIS). The language of the arbitration shall be English. The seat of the arbitration shall be Hamburg, Germany.

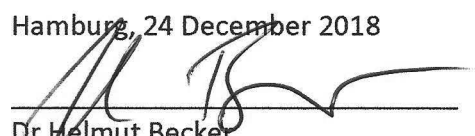
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[Signature page]

ZEAL:

Hamburg, 24 December 2018



Dr Helmut Becker
CEO

Lotto24:

Hamburg, 24 December 2018

Petra von Strombeck
CEO

[Signature page]

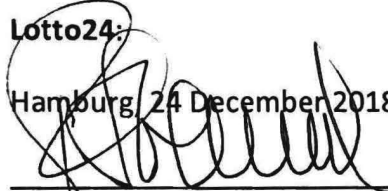
ZEAL:

Hamburg, 24 December 2018

Dr Helmut Becker
CEO

Lotto24:

Hamburg, 24 December 2018



Petra von Strombeck
CEO

Annex 2.1.6 - Quantified Financial Benefits Statement by ZEAL

QUANTIFIED FINANCIAL BENEFITS STATEMENT

Part A

This Announcement contains statements of estimated cost savings, revenue synergies and dis-synergies arising from the Combination (together, the "Quantified Financial Benefits Statement").

A copy of the Quantified Financial Benefits Statement is set out below.

"The Executive Board of ZEAL (the "ZEAL Board") believes the following:

Cost synergies

The quantified recurring pre-tax cost synergies expected to result from the Combination principally arise from:

a) Business model change (non-personnel costs): Savings in direct costs of operations account for around 60 percent of the overall cost synergies:

- all costs covering the bookmaking risks for the German market (hedging costs) will not be required after the transformation to an online brokerage business;
- reduction of non-deductible VAT within the myLotto24 sub-group.

b) Organisational efficiency: Reduction of personnel and other operating expenses within the Combined Group, which represents around 40 percent of the overall cost synergies and will arise from:

- removing business related duplicated roles enabled by the migration of the German broker businesses of the Combined Group onto one technology platform;
- removing duplication of central functions roles;
- removing duplicates in senior management structure;
- rationalisation of the Combined Group's locations;
- removing roles related to hedging activities; and

-- reduction of consultancy expenses / professional fees based on de-duplication and changed requirements due to business model change.

The total anticipated cost synergies of EUR 57 million per annum are equivalent to approximately 41 percent of the Combined Group operating expenses (including personnel expenses) from continuing operations of EUR 138 million, calculated based on the consolidated audited accounts for each of ZEAL and Lotto24 for the financial year ended 31 December 2017.

The ZEAL Board expects that the cost synergy realisation will take place progressively, with approximately 80 percent of the total cost synergies achieved by the end of year one, rising to 100 percent achieved by the end of year two.

Revenue synergies and dis-synergies

For the Combined Group it is envisaged that there will be overall **net revenue dis-synergies of approximately EUR 107 million**, mainly caused by the business model change of ZEAL's myLotto24 subsidiary into a German licensed online lottery brokerage business.

This represents the loss of approximately 67% of the Combined Group's revenue of EUR 160 million, calculated based on the consolidated audited accounts for each of ZEAL and Lotto24 for the financial year ended 31 December 2017.

The revenue synergies and dis-synergies will principally comprise:

a) **Business model-related revenue dis-synergies of EUR 120 million** will be generated mainly from:

- billings loss: An overall billings loss due to the customer loss which will be caused by the transition into an online brokerage business, and reduced average billings per user, due to the restriction to the DLTB product portfolio; and
- margin reduction: A reduction in the margin applied to the Group's reduced billings, as a result of the lower margin of an online brokerage business, relative to the higher margin enjoyed by ZEAL's current secondary lottery business.

b) **Revenue synergies of EUR 13 million:** The revenue dis-synergies will be offset to some extent by increased billings generated by the Combined Group mainly arising from:

- reduced customer acquisition costs due to improved access to and optimization of marketing channels within the Combined Group, which leads to more newly registered & active customers; and
- decreased legal restrictions and improved customer quality, leading to a higher number of active customers and / or higher average spend per user.

The ZEAL Board expects the transformation of the business model to be implemented within the first full year following completion. Revenue dis-synergies will take effect at the same time as the business model change with a full run-rate by the end of year one following completion of the Combination.

The revenue synergies realisation will take place progressively, with approximately 40 percent of the total revenue synergies achieved by the end of year one, approximately 70 percent achieved by the end of year two and with full the run-rate effect achieved by the end of year three after the completion of the Combination.

Costs to achieve

The ZEAL Board expects that implementation of the business model change and realisation of the cost and revenue synergies would result in total non-recurring costs in the range of approximately EUR 15 million to EUR 20 million incurred within the first two years following Completion. These costs consist mainly of employee restructuring costs and IT migration costs."

Bases of belief for the Quantified Financial Benefits Statement

Following initial discussions regarding the Combination, a synergy development team was established at ZEAL to evaluate and assess the potential synergies available from the Combination.

The team, which comprised senior strategy, financial, technology and business personnel at ZEAL, worked to identify and quantify potential synergies as well as estimate any associated costs. The team engaged with the relevant functional heads and other personnel at ZEAL to provide input into the development process and to agree on the nature and quantum of the identified synergy initiatives.

In preparing the Quantified Financial Benefits Statement and to estimate the merger benefits relating to the Combination, the ZEAL Board has made use of publicly available information about Lotto24 along with knowledge it continues to have from the period prior to Lotto24's spin-off from ZEAL in 2012 and as a result of the separation of the technology platform in 2015. In circumstances where data has been limited for commercial or other reasons, the team has made estimates and assumptions to aid the development of individual synergy initiatives. ZEAL did not have access to the Lotto24 senior management or any current non-public information about Lotto24 and its business during the preparation of the Quantified Financial Benefits Statement.

The bases used for the quantified exercises are:

- ZEAL: Full year 2018 P&L forecast data from ZEAL's financial planning contains 6 months actuals and 6 months forecast. Revenues and resultant synergies / dis-synergies are based on normalised revenue, which has been adjusted to match the statistically expected prize pay-out ratio;
- Lotto24: Rolling 12 months actual P&L data for the period July 2017 to June 2018 has been used as a baseline, as no full year 2018 forecast is publicly available.

In arriving at the estimate of synergies set out in this document, the ZEAL Board made the following operational assumptions:

- the Combined Group will migrate the two broker businesses onto one technology platform;
- policies and procedures will be harmonised according to best practices at ZEAL and Lotto24; and
- the Combined Group will, wherever possible, utilise existing resource and capabilities within ZEAL and Lotto24 to deliver the revenue synergies.

The ZEAL Board has, in addition, made the following assumptions, all of which are outside its control:

- a license and / or license extension will be granted to the Combined Group to enable the transformation of the myLotto24 sub group's German secondary lottery business into a licensed private online brokerage business;
- there will be no change to macroeconomic, political, regulatory or legal conditions in the markets or regions in which Lotto24 and ZEAL operate that materially impact the implementation or costs to achieve the proposed cost and revenue synergies;
- there will be no material change in current foreign exchange rates; and
- there will be no change in tax legislation or tax rates or other legislation or regulation in the countries in which Lotto24 and ZEAL operate that could materially impact the ability to achieve any benefits.

The assessment and quantification of the potential synergies have in turn been informed by ZEAL management's industry experience as well as their experience of executing and integrating past acquisitions.

Further synergies and savings not contingent on the Combination and separate to the Quantified Financial Benefits Statement

Separately, ZEAL plans to achieve, and has already started to implement recurring cost savings of approximately EUR 4 million per annum as a result of an internal cost saving initiative, which will be

delivered by end of 2018. These additional cost savings are not contingent on the Combination and so do not form part of the Quantified Financial Benefits Statement. Furthermore, the ZEAL Board believes that additional synergy opportunities in revenue and costs can be achieved related to the Combination, which are not quantified as part of this Quantified Financial Benefits Statement.

Reports

As required by Rule 28.1(a) of the Takeover Code, Ernst & Young, as reporting accountants to ZEAL, and Lazard, as financial advisers to ZEAL, have provided the opinions required under that Rule. Copies of these reports are included at Parts B and C of this Appendix A. Each of Ernst & Young and Lazard has given and not withdrawn its consent to the publication of its report in this Announcement in the form and context in which it is included.

Notes

The Quantified Financial Benefits Statement relates to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

No statement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following implementation of the Combination, or in any subsequent period, would necessarily match or be greater than or be less than those of ZEAL and / or Lotto24 for the relevant preceding financial period or any other period.

Part B

Report from Ernst & Young

The Directors
ZEAL Network SE
5th Floor -- One New Change
London
EC4M 9AF

Lazard & Co. Limited
50 Stratton Street
London
W1J 8LL

19 November 2018

Dear Sirs

We refer to the statement regarding the estimate of expected merger benefits statement ("the Statement") made by ZEAL Network SE ("the Company"). The Statement, including the relevant bases of belief (including sources of information) is set out in Appendix A of the initial announcement of the proposed Offer in compliance with the Takeover Code (the "Announcement") issued by the Company dated 19 November 2018. This report is required by Rule 28.1(a)(i) of The City Code on Takeovers and Mergers (the "City Code") and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility that we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law we do not assume any responsibility and will not

accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with, this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the City Code by consenting to its inclusion in the Announcement.

Responsibility

It is the responsibility of the directors of the Company ("the Directors") to prepare the Statement in accordance with the requirements of the City Code.

It is our responsibility to form an opinion as required by the Code as to the proper compilation of the Statement and to report that opinion to you.

It is the responsibility of Lazard & Co. Limited to form an opinion as required by, and solely for the purpose of Rule 28.1(a)(ii) of the City Code as to whether the Statement has been prepared with due care and consideration and to report that opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting 1000 (Investment Reporting Standards applicable to all engagements in connection with an investment circular) issued by the Auditing Practices Board in the United Kingdom. We have discussed the Statement together with the relevant bases of belief (including sources of information) with the Directors and with Lazard & Co. Limited. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We do not express any opinion as to the achievability of the cost and revenue synergies, as well as the revenue dis-synergies identified by the Directors.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Statement has been properly compiled on the basis stated.

Yours faithfully
Ernst & Young LLP

Part C Report from Lazard

The Executive Board
ZEAL Network SE
5th Floor -- One New Change
London EC4M 9AF
United Kingdom

19 November 2018

Dear Sirs,

Intended public takeover offer for Lotto24 AG by ZEAL Network SE ("ZEAL" or the "Company")

We refer to the ZEAL Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the "Statement") as set out in Part A of Appendix A of this announcement, for

which the Directors of ZEAL (the "Directors" or "you") are solely responsible under Rule 28 of the City Code on Takeovers and Mergers (the "City Code").

We have discussed the Statement (including the assumptions and sources of information referred to therein), with the Directors and those officers and employees of ZEAL who developed the underlying plans to which the Statement relates. The Statement is subject to uncertainty as described in this announcement and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

You have confirmed to us that all financial and other information relevant to the Statement has been disclosed to us. We have relied upon the accuracy and completeness of all the financial and other information provided to us by, or on behalf of, ZEAL, or otherwise discussed with or reviewed by us, and we have assumed such accuracy and completeness for the purposes of providing this letter. We do not express any opinion as to the achievability of the quantified financial benefits identified in the Statement.

We have also reviewed the work carried out by Ernst & Young LLP as auditors of the Company and reporting accountants whose responsibility it is to form an opinion as required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers that the Statement has been properly compiled on the basis stated and that the basis of accounting used is consistent with the Company's accounting policies and we have discussed with them the opinion set out in Part B of Appendix A of this announcement addressed to yourselves and ourselves on this matter.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the City Code and for no other purpose. We accept no responsibility to the Company or its shareholders or any person other than the Directors in respect of the contents of this letter. We are acting exclusively as financial adviser to the Company and no one else in connection with the transaction referenced above in connection with which the Statement has been produced and it was solely for the purpose of complying with Rule 28.1(a)(ii) that you requested us to prepare this letter. No person other than the Directors can rely on the contents of this letter and accordingly, to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to any other person in respect of this letter, its contents or the work undertaken in relation to this letter, or any of the results or conclusions that can be derived from this letter or any written or oral information provided in connection with this letter, and in relation to any loss suffered by any such person as a result of, or in connection with, this letter.

On the basis of the foregoing, we consider that the Statement, for which you as the Directors are solely responsible, has been prepared with due care and consideration.

Yours faithfully,

For and on behalf of
Lazard & Co., Limited

Part D **Definitions**

The following definitions apply throughout this Appendix A unless the context otherwise requires:

"Announcement" -- the announcement of the Company on 19 November of its intention to make the Offer;

"Combination" -- the proposed combination of the business of ZEAL and Lotto24 following successful completion of the Offer;

"Combined Group" -- the Existing Group as enlarged by the acquisition of control of Lotto24 pursuant to the Offer;

"Company" or "ZEAL" -- ZEAL Network SE;

"Completion" -- The completion of the Combination;

"DLTB" -- *Deutscher Lotto- und Totoblock*, the German Association of State Lottery Companies;

"Ernst & Young" -- Ernst & Young LLP;

"Executive Board" -- the executive board of the Company, comprising, at the date of this document, Dr Helmut Becker (Chairman of the Executive Board) and Jonas Mattsson (Chief Financial Officer);

"Existing Group" -- the Company, its subsidiaries and its subsidiary undertakings and associated undertakings whose results are fully consolidated into the Company's annual consolidated accounts, as at the date of this document;

"Lazard" -- Lazard & Co., Limited, independent advisers to the Company;

"Lotto24" -- Lotto24 AG;

"myLotto24" -- myLotto24 Limited, an associated undertaking of the Company whose results are fully consolidated into the Company's annual consolidated accounts and which carries on business in the United Kingdom as a bookmaker;

"Offer" -- the voluntary takeover offer pursuant to the German Takeover Act to be made by the Company to acquire all the issued shares of Lotto24;

"Takeover Code" or "Code" -- the City Code on Takeovers and Mergers.

Annex 14.2 (a) – Announcement of Inside Information by Lotto24

Publication of inside information pursuant to Article 17 of Regulation (EU) No 596/2014

Lotto24 AG and ZEAL Network SE sign “Business Combination Agreement”

(Hamburg, 24 December 2018) Today, Lotto24 AG (“**Lotto24**”), Germany’s leading online provider of state-run lotteries, and ZEAL Network SE, London, (“**ZEAL**”) signed a business combination agreement (“**BCA**”) in connection with the public takeover offer by ZEAL announced on 19 November 2018. The Supervisory Board of Lotto24 approved the conclusion of the BCA.

In this BCA, Lotto24 and ZEAL have agreed various arrangements, such as their cooperation in achieving the synergy effects targeted by both parties, and in gaining the necessary approval of the competent gambling authorities, which is a precondition for closing the takeover. The basis for cooperation is the understanding of both parties that Lotto24 should retain its independence even after conclusion of the takeover as a subsidiary of ZEAL in a de facto group, and that all relevant arrangements in connection with the cooperation should be made on an arm’s length principle.

On completion of the takeover offer and expiry of the expected 180-day planning and negotiation phase for the targeted cooperation, Petra von Strombeck (CEO of Lotto24) and Magnus von Zitzewitz (CFO of Lotto24) are to join the Executive Board of ZEAL as additional members. Furthermore, following this phase, Jonas Mattsson (CFO of ZEAL) is to additionally join the Executive Board of Lotto24. The BCA contains no provisions relating to the Supervisory Board of Lotto24.

Both the Executive Board and Supervisory Board of Lotto24 believe that the cooperation between Lotto24 and ZEAL on the basis of the BCA is in the strategic interest of the company, its shareholders and other stakeholders. ZEAL plans to offer Lotto24’s shareholders as consideration one ZEAL share for each 1.604 shares of Lotto24. According to preliminary estimates of the Executive Board of Lotto24, the cooperation will result in value growth for Lotto24’s shareholders due to the targeted synergy effects. However, the corporate bodies of Lotto24 have not yet completed their assessment of the financial adequacy of this consideration. On publication of the offer document by ZEAL, the Executive Board and Supervisory Board of Lotto24 will publish a reasoned opinion on the takeover offer pursuant to Section 27 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz - WpÜG*) and at the same time also comment on the financial adequacy of the consideration.

According to ZEAL, the relevant anti-trust authority has already cleared the transaction envisaged in the takeover offer.

Contact:

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Vanina Hoffmann
Manager Investor & Public Relations

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Internet: Lotto24-ag.de

Lotto24.de

Veröffentlichung einer Insiderinformation nach Artikel 17 der Verordnung (EU) Nr. 596/2014

Lotto24 AG und ZEAL Network SE unterzeichnen „Business Combination Agreement“

(Hamburg, 24. Dezember 2018) Die Lotto24 AG („**Lotto24**“), führender deutscher Anbieter staatlicher Lotterien im Internet, und die ZEAL Network SE, London, („**ZEAL**“) haben im Zusammenhang mit dem am 19. November 2018 angekündigten öffentlichen Übernahmeangebot von ZEAL heute ein Business Combination Agreement („**BCA**“) unterzeichnet. Der Aufsichtsrat von Lotto24 hat dem Abschluss des BCA zugestimmt.

Im BCA treffen Lotto24 und ZEAL unter anderem Regelungen für die Zusammenarbeit zur Realisierung der von beiden Parteien angestrebten Synergieeffekte und zur Erlangung der hierfür erforderlichen Zustimmung der zuständigen Glücksspielbehörden, die eine Vollzugsvoraussetzung für das Übernahmeangebot sein soll. Grundlage der Zusammenarbeit ist das Verständnis beider Parteien, dass Lotto24 auch nach Vollzug des Übernahmeangebots als Tochtergesellschaft von ZEAL in einem faktischen Konzern ihre Eigenständigkeit bewahrt und alle im Zusammenhang mit der Kooperation relevanten Vereinbarungen einem Drittvergleich standhalten.

Nach Vollzug des Übernahmeangebots und Abschluss der voraussichtlich 180 Tage dauernden Phase der Planung und Verhandlung der angestrebten Kooperation sollen Petra von Strombeck (Vorstandsvorsitzende von Lotto24) und Magnus von Zitzewitz (Finanzvorstand von Lotto24) zusätzlich dem Vorstand von ZEAL beitreten. Nach Ablauf dieser Frist soll Jonas Mattsson (Finanzvorstand von ZEAL) zudem zusätzlich in den Vorstand von Lotto24 eintreten. Das BCA enthält keine Regelungen in Bezug auf den Aufsichtsrat von Lotto24.

Vorstand und Aufsichtsrat von Lotto24 sind der Auffassung, dass die Zusammenarbeit zwischen Lotto24 und ZEAL auf Basis des BCA im strategischen Interesse der Gesellschaft, ihrer Aktionäre und ihrer weiteren Stakeholder liegt. ZEAL plant, den Aktionären von Lotto24 als Gegenleistung eine ZEAL-Aktie für je 1,604 Aktien von Lotto24 anzubieten. Nach vorläufiger Einschätzung des Vorstands von Lotto24 wird die Kooperation aufgrund der angestrebten Synergieeffekte für die Aktionäre von Lotto24 zu einem Wertzuwachs führen. Die Prüfung der finanziellen Angemessenheit dieser Gegenleistung durch die Organe von Lotto24 ist jedoch noch nicht abgeschlossen. Nach Veröffentlichung der Angebotsunterlage durch ZEAL werden Vorstand und Aufsichtsrat von Lotto24 eine begründete Stellungnahme zum Übernahmeangebot nach § 27 WpÜG veröffentlichen und in diesem Zusammenhang unter anderem zur finanziellen Angemessenheit der Gegenleistung Stellung nehmen.

Die zuständige Kartellbehörde hat die mit dem Übernahmeangebot angestrebte Transaktion nach Angaben von ZEAL bereits freigegeben.

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Annex 14.2 (b) – Press Announcement by ZEAL

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION (IN WHOLE OR IN PART) DIRECTLY OR INDIRECTLY IN, INTO OR FROM THE UNITED STATES OF AMERICA OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

Press release

ZEAL and Lotto24 enter into Business Combination Agreement

- Signing of the Business Combination Agreement recognises the transaction's strong strategic rationale and value creation potential for shareholders of both companies
- Transaction has received merger control clearance from the Federal Cartel Office
- Extraordinary General Meeting to approve the offer called for 18 January 2019

(London, 24 December 2018)

ZEAL Network SE ("ZEAL") and Lotto24 AG ("Lotto24"), Germany's largest private digital lottery broker, today entered into a Business Combination Agreement ("BCA"). In the BCA, ZEAL and Lotto24 commit to working together to obtain the necessary gambling regulatory approvals, realise synergies, and pursue growth and value-creating opportunities.

Petra von Strombeck (CEO of Lotto24) and Magnus von Zitzewitz (CFO of Lotto24) are expected to additionally join the ZEAL Executive Board, while Jonas Mattsson (CFO of ZEAL) is to additionally join the Executive Board of Lotto24, once the details of the cooperation and the road map to implementation have been agreed.

Lotto24 stated its opinion that a cooperation between Lotto24 and ZEAL based on the BCA is in the strategic interest of Lotto24, its shareholders and other stakeholders.

ZEAL announced its intention on 19 November 2018 to implement the transaction through an all-share voluntary takeover offer for Lotto24. On completion, the transaction will create a company with currently combined more than 5 million customers globally, billings of around EUR 500 million, and a diverse international footprint. In the context of the transaction ZEAL intends to reacquire control of its myLotto24 and Tipp24 subsidiaries and transform its German secondary lottery business into a locally licensed online brokerage model.

Dr Helmut Becker, CEO, ZEAL, said: *"This transaction will reunite ZEAL with Lotto24 and put us in an extremely strong position to accelerate online growth in the German and international lottery markets. The Business Combination Agreement recognises the strategic rationale of this transaction and the value it creates – for the shareholders of both companies, the customers, the German federal states and their lottery beneficiaries. I look forward to joining forces with Lotto24, building on each other's strengths, and driving growth in Germany and beyond."*

The combination of ZEAL and Lotto24 was approved by the German Federal Cartel Office on 18 December 2018.

ZEAL has called an Extraordinary General Meeting for 18 January 2019 in which shareholders will be asked to approve the offer. The shareholder circular and notice is available on www.zeal-offer.com.

ENDS

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Important note

This announcement is for information purposes only and neither constitutes an offer to purchase or exchange nor an invitation to sell or to make an offer to exchange, securities of Lotto24 AG ("Lotto24") or ZEAL Network SE ("ZEAL"). The final terms and further provisions regarding the public takeover offer will be disclosed in the offer document once its publication will have been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). ZEAL reserves the right to deviate in the final terms and conditions of the public takeover offer from the basic information described herein. Investors and holders of securities of Lotto24 are strongly recommended to read the offer document and all announcements in connection with the public takeover offer as soon as they are published, as they contain or will contain important information.

The offer will be made exclusively under the laws of the Federal Republic of Germany, in particular under the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz (WpÜG)). The offer will not be made pursuant to the provisions of jurisdictions other than those of the Federal Republic of Germany. Therefore, no other announcements, registrations, admissions or approvals of the offer outside of the Federal Republic of Germany have been filed, arranged for or granted.

The ZEAL shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or with any securities regulatory authority of any state or any other jurisdiction of the United States of America ("USA"). Therefore, subject to certain exceptions, ZEAL shares may not be offered or sold within the USA or in any other jurisdiction where to do so would be a violation of applicable law. There is no public offering of ZEAL shares in the USA.

To the extent this announcement contains forward-looking statements, such statements do not represent facts. Forward-looking statements include all matters that are not historical facts. They are characterised by the words 'expect', 'believe', 'estimate', 'intend', 'aim', 'assume', 'plan' or similar expressions. Such statements express the intentions, opinions or current expectations and assumptions of ZEAL and the persons acting in conjunction with ZEAL, for example with regard to the potential consequences of the takeover offer for Lotto24, for those shareholders of Lotto24 who choose not to accept the takeover offer or for future financial results of Lotto24. Such forward-looking statements are based on current plans, estimates and forecasts which ZEAL and the persons acting in conjunction with it have made to the best of their knowledge, but which do not claim to be correct in the future. Forward-looking statements are subject to risks and uncertainties that are difficult to predict and usually cannot be influenced by ZEAL or the persons acting in conjunction with it. Actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements.

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DIE IN DIESEM DOKUMENT ENTHALTENEN INFORMATIONEN SIND NICHT ZUR VOLLSTÄNDIGEN ODER TEILWEISEN, DIREKTEN ODER INDIREKTEN VERBREITUNG, VERÖFFENTLICHUNG ODER WEITERGABE IN DEN, INNERHALB DER ODER AUS DEN VEREINIGTEN STAATEN VON AMERIKA ODER ANDEREN LÄNDERN BESTIMMT, IN DENEN EINE SOLCHE VERBREITUNG, VERÖFFENTLICHUNG ODER WEITERGABE EINE VERLETZUNG DER RELEVANTEN RECHTLICHEN BESTIMMUNGEN DIESER LÄNDER DARSTELLEN WÜRDEN.

Pressemitteilung

ZEAL und Lotto24 schließen Business Combination Agreement ab

- *Die Unterzeichnung des Business Combination Agreement unterstreicht die überzeugende strategische Logik und das Wertschöpfungspotenzial der Transaktion für die Aktionäre beider Unternehmen.*
- *Transaktion hat Freigabe vom Bundeskartellamt erhalten.*
- *Außerordentliche Hauptversammlung zur Genehmigung des Angebots am 18. Januar 2019.*

(London, 24. Dezember 2018)

Die ZEAL Network SE ("ZEAL") und die Lotto24 AG ("Lotto24"), Deutschlands größter gewerblicher Online-Lotterievermittler, haben heute ein Business Combination Agreement ("BCA") abgeschlossen. Im BCA verpflichten sich ZEAL und Lotto24 zur Zusammenarbeit, um die notwendigen glücksspielrechtlichen Erlaubnisse zu erhalten, Synergien zu realisieren und Wachstums- und Wertschöpfungsmöglichkeiten zu erschließen.

Petra von Strombeck (Vorstandsvorsitzende von Lotto24) und Magnus von Zitzewitz (Finanzvorstand von Lotto24) werden voraussichtlich zusätzlich in den ZEAL-Vorstand eintreten, während Jonas Mattsson (CFO von ZEAL) zusätzlich in den Vorstand von Lotto24 eintreten wird, sobald die Details der Zusammenarbeit und der Umsetzungsplanung vereinbart sind.

Lotto24 hat bekräftigt, dass eine Zusammenarbeit zwischen Lotto24 und ZEAL auf der Grundlage des BCA im strategischen Interesse von Lotto24, seinen Aktionären und weiteren Stakeholdern liegt.

ZEAL hatte am 19. November 2018 die Absicht angekündigt, die Transaktion im Wege eines freiwilligen Übernahmeangebots für Lotto24 umzusetzen. Die Transaktion wird nach ihrem Abschluss ein digitales Lotterieuunternehmen mit derzeit zusammen mehr als 5 Millionen Kunden weltweit, einem kombinierten Transaktionsvolumen von derzeit rund EUR 500 Millionen und einer breiten internationalen Präsenz schaffen. Im Rahmen der Transaktion beabsichtigt ZEAL, die Kontrolle über ihre Tochtergesellschaften myLotto24 und Tipp24 zurückzuerlangen und das deutsche Zweitlotteriegeschäft in ein lokal lizenziertes gewerbliches Online-Vermittlungsgeschäft umzuwandeln.

Dr. Helmut Becker, CEO, ZEAL, sagt: *"Diese Transaktion wird ZEAL mit Lotto24 wiedervereinigen und uns bestens positionieren, um das Online-Wachstum im deutschen und internationalen Lotteriemarkt zu beschleunigen. Das Business Combination Agreement unterstreicht die strategische Logik dieser Transaktion und den damit geschaffenen Wert – für die Aktionäre beider Unternehmen, die Kunden, die deutschen Bundesländer und die gemeinnützigen Organisationen. Ich freue mich darauf, mit Lotto24 zusammenzuarbeiten, auf den Stärken des anderen aufzubauen und das Wachstum im In- und Ausland voranzutreiben."*

Der Zusammenschluss von ZEAL und Lotto24 wurde vom Bundeskartellamt am 18. Dezember 2018 genehmigt.

ZEAL hat eine außerordentliche Hauptversammlung für den 18. Januar 2019 einberufen, in der den Aktionären vorgeschlagen wird, dem Angebot zuzustimmen. Die Versammlungsunterlage und Einberufung ist unter www.zeal-angebot.com verfügbar.

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