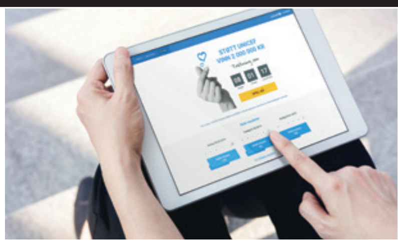
QUARTERLY STATEMENT
1 JANUARY – 31 MARCH 2019

CREATING A BETTER WORLD OF LOTTERY



MORE DIGITAL

MORE EXCITING

MORE SOCIALLY VALUABLE

ZEAL

ZEAL

ZEAL is an innovative, international digital lottery group.

With 20 years' experience in the lottery sector, our vision is to create a better world of lottery; one that is more digital, more exciting and more socially valuable.

Founded in 1999, we are a house of lottery brands currently operating across: lottery betting and Instant Win Games (Tipp24 and myLotto24), primary and social lottery operation (Lottovate), and lottery venture capital (ZEAL Ventures).

We have more than 3.9 million customers globally across the Group. We are headquartered in London and our shares are listed on the Prime Standard of the Frankfurt Stock Exchange. Since our incorporation, we have generated stakes of more than €3bn, and paid out more than €1.5bn in prizes.

CONTENTS

Q1 2019 AT A GLANCE

€67.4m
BILLINGS
(Q1 2018: €72.8M)

€62.5m
STAKES
(Q1 2018: €63.0M)

€36.5m
REVENUE
(Q1 2018: €38.7M)

€37.4m
TOTAL OPERATING PERFORMANCE
(Q1 2018: €39.8M)

€11.6m
ADJUSTED EBIT
(Q1 2018: €9.2M)

€9.8m
STATUTORY EBIT
(Q1 2018: €9.2M)

€102.1m
NET CASH
(Q1 2018: €75.0M)

€0.83
EARNINGS PER SHARE
(Q1 2018: €0.75[1])

€57.47
AVERAGE BILLINGS PER USER
(Q1 2018: €58.02)

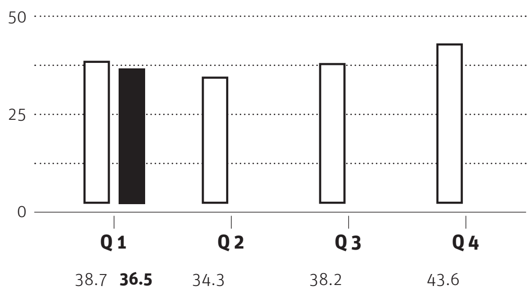
389k
MONTHLY ACTIVE USERS
(Q1 2018: 392K)

[1] *EPS has been restated as a result of the restatement of the loss on financial assets from other comprehensive income to results from financing and investing activities. Further details can be found on page 9. In line with the requirements of IFRS, the 2018 EPS has also been restated for the impact of the purchase of treasury shares by the Group in July 2018.*

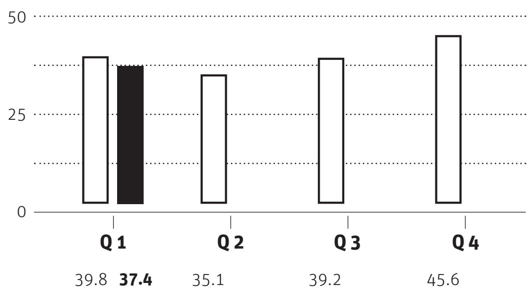
Definitions of the financial measurements disclosed above can be found on page 23 of the 2018 Annual Report. With the exception of net cash, there has been no change in definitions since the issue of the 2018 Annual Report on 20 March 2019. The definition of net cash has been updated to exclude current provisions and current lease liabilities from the net cash number. The definition has been updated to provide readers with a better understanding of the cash available to the Group.

PERFORMANCE

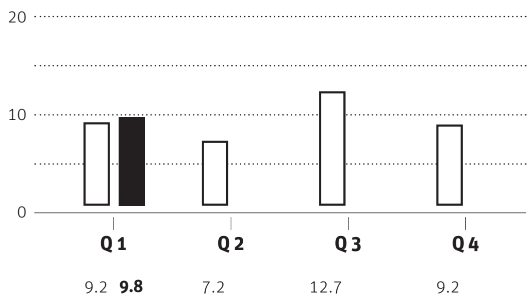
STATUTORY REVENUE[1] in €m



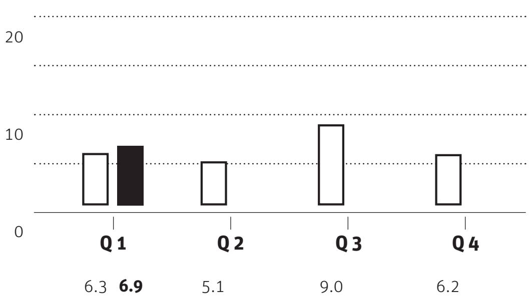
STATUTORY TOTAL OPERATING PERFORMANCE in €m



STATUTORY EBIT in €m



NET PROFIT in €m



2018 ▭ ■ 2019

BUSINESS REVIEW

We have had a solid start to 2019 as we continue to progress towards our reunification with Lotto24 AG ('Lotto24') and the transformation of our core German business to digital lottery brokerage.

We have delivered a positive EBIT performance, further improved our net cash position, and reduced our cost base by €4.9m before exceptional items – a reduction of 16%. This included a €2.2m reduction in personnel expenses and €3.0m reduction in other operating expenses such as consulting services and hedging, which was offset by a €0.3m increase in depreciation expense as a result of the adoption of IFRS 16. We expect to further implement synergies and reduce our costs before exceptional items during 2019 as we prepare to transform our business.

The first quarter of 2019 is the first reporting period following the closure of Lotto Network Limited ('Lotto Network') and our Spanish consumer-facing Ventura24 S.L.U. ('Ventura24') business in November and December 2018, respectively. This, coupled with a lower number of large jackpots in the first three months of the year, has had a negative impact on billings, revenue and Total Operating Performance (TOP[1]).

We delivered:

- Billings of €67.4m; down 7.4% year-on-year (2018: €72.8m); down 1.6% on a like-for-like[2] basis
- Revenue of €36.5m; down 5.8% year-on-year (2018: €38.7m); down 3.5% on a like-for-like basis
- TOP of €37.4m; down 6.2% year-on-year (2018: €39.8m)
- Adjusted EBIT of €11.6m; up 26.3% year-on-year (2018: €9.2m)
- Statutory EBIT of €9.8m; up 6.7% year-on-year (2018: €9.2m)
- Net cash of €102.1m; up 36.2% year-on-year (2018: €75.0m)

Building on the positive trend developed in recent years, we delivered 182k new registered customers for the Group and its partners – a 30% increase year-on-year (2018: 140k). Average Billings Per User in our lottery betting segment were broadly maintained year-on-year at €57.47 (2018: €58.02).

We continued to develop our lottery-related start-up investment portfolio. Following our initial investment in 2018, in March 2019, we increased our stake in subscription-based lottery syndicate business, Cloud Canyon Limited ('Wshful'). We invested an additional €350k to acquire a further 15% of the business – taking our holding to 20% – after seeing positive early traction. Wshful will use our the funds to scale-test.

We continue to make progress on our takeover of Lotto24. 93.04% of Lotto24 shareholders accepted our offer, and we expect to formally reunite our businesses on 14 May 2019.

ONGOING LEGAL AND REGULATORY MATTERS

The principal legal and regulatory matters affecting the Group are included in the 2018 Annual Report. There have been no material changes to the status of these matters since the date of approval of the 2018 Annual Report.

TAX MATTERS AND CONTINGENT LIABILITIES

There have been no material changes in the status of the tax matters reported in the 2018 Annual Report. The Directors continue to closely monitor any changes in areas where a contingent liability has been previously disclosed. As disclosed on page 117 of the 2018 Annual Report, there is significant uncertainty as to whether VAT is due in respect of certain services provided by the myLotto24 Sub-Group. The potential financial impact at 31 March 2019 is €70.3m (31 December 2018 €64.6m).

OUTLOOK AND DIVIDEND

As described in our 2018 Annual Report, in view of the special situation created by the Lotto24 transaction and the transformation of our core German business model later in 2019, we do not intend to provide any financial guidance at this point in time and we are currently reviewing our dividend policy for 2019.

[1] TOP is the sum of Revenue and Other Operating Income as disclosed in the interim consolidated income statement on page 10.

[2] Like-for-like excludes the 2018 comparative information for Lotto Network Limited and the consumer-facing business of Ventura24 in order to provide comparable information relating to the ongoing business.

FINANCIAL REVIEW

Summary financial results and key performance indicators:

	Q 1 2019	Q 1 2018
in €k		
Summary financial results		
Revenue	36,462	38,700
Total Operating Performance (TOP)	**37,373**	**39,830**
Personnel expenses	(5,508)	(7,741)
Other operating expenses	(19,511)	(22,481)
Marketing expenses	*(5,157)*	*(4,669)*
Direct costs of operations	*(10,648)*	*(11,601)*
Other costs of operations	*(3,706)*	*(6,211)*
Adjusted EBIT	**11,568**	**9,159**
Exceptional items	(1,792)	–
EBIT	**9,776**	**9,159**
Key Performance Indicators		
Billings	67,369	72,751
Stakes	62,527	62,999
Normalised revenue	35,055	39,206
Normalised adjusted EBIT	10,196	10,244
Earnings per share (€)[1]	0.83	0.75
Net cash position[2]	102,132	74,999
Cash inflow from operating activities[3]	2,994	6,553
Cash used in investing activities	(3,349)	(226)
Cash used in financing activities	(494)	–

[1] EPS has been restated as a result of the restatement of the loss on financial assets from other comprehensive income to results from financing and investing activities. Further details can be found on page 9. In line with the requirements of IFRS, the 2018 EPS has also been restated for the impact of the purchase of treasury shares by the Group in July 2018.
[2] Due to the implementation of a new ILS structure, the hedging reserve has decreased from €30,000k as at 31 March 2018 to $24,000k (€21,390k) as at 31 March 2019.
[3] The 2018 comparative has been restated. Further details can be found on page 9.

REVENUE AND TOTAL OPERATING PERFORMANCE

Revenue for the three-month period ended 31 March 2019 decreased by €2,238k to €36,462k (2018: €38,700k). TOP for the three-month period ended 31 March 2019 decreased by €2,457k to €37,373k (2018: €39,830k).

The decrease in revenue and TOP is primarily driven by the decline in the average jackpot offered on Deutsche Lotto-und-Totoblock ('DLTB') products in the first quarter of 2019 compared to the first quarter of 2018. Additionally, the closure of Lotto Network and the Ventura24 consumer facing brokerage ('B2C') business in November and December 2018, respectively contributed €960k to the revenue reduction and €967k to the TOP reduction.

Fluctuations in revenue and other operating income are expected based on the timing of jackpot wins.

PERSONNEL EXPENSES

Personnel expenses for the three-month period ended 31 March 2019 decreased by €2,233k to €5,508k (2018: €7,741k). The movement is due to the fall in average number of full time equivalent (FTE) employees from 272 to 192. The fall in headcount was mainly driven by the Group wide restructuring which took place in Q4 2018 in preparation for the Lotto24 acquisition and the closure of the Ventura24 B2C business.

OTHER OPERATING EXPENSES

Other operating expenses for the three-month period ended 31 March 2019 decreased by €2,970k to €19,511k (2018: €22,481k). The most significant contributory factors were:

- Increase in marketing expenses of €488k. The increased investment in marketing is consistent with our strategy to drive customer acquisition and internationalisation. This investment has contributed to an additional 182k new registered customers for the Group and our partners during the quarter; an increase of 30% compared to the prior period (2018: 140k).
- Decrease in direct costs of operations of €953k, which is mainly due to a €871k decrease in the cost of physically hedged tickets due to fewer hedged draws compared to the prior period.
- Decrease in other costs of operations of €2,505k, which is primarily driven by a €1,503k decrease in legal and advisory costs, a €406k reduction in rental costs as a result of the adoption of IFRS 16, a €189k decrease in freelancer costs and a €194k decrease in outsourcing costs. The remaining movement is due to various immaterial decreases in other line items.

EXCEPTIONAL ITEMS

Exceptional items for the three-month period ended 31 March 2019 were €1,792k (2018: nil). Exceptional costs mainly relate to the acquisition of Lotto24 (€1,541k) and the activities underway to prepare for the restructuring which will follow the completion of that transaction (€224k).

BILLINGS AND STAKES

Billings for the three-month period ended 31 March 2019 decreased by €5,382k to €67,369k (2018: €72,751k). Stakes for the three-month period ended 31 March 2019 decreased by €472k to €62,527k (2018: €62,999k). The decrease in billings and stakes is primarily associated with the closure of the Ventura24 B2C business and also a lower jackpot environment compared to the first quarter of 2018, partially offset by increased contribution from the secondary lottery betting business ('secondary lottery') in the UK.

NORMALISATION OF RESULTS

In the lotteries on whose results ZEAL Group relies, there are underlying statistical average pay-out ratios for ongoing lottery draws. For our main products, this is approximately 50%. The expected pay-out ratio for secondary lottery betting is almost exactly the same as for the primary lotteries. There may be deviations between the expected pay-out ratio and actual pay-outs made. The difference between the actual pay-out and the expected prize pay-out is referred to as 'normalisation' in this report.

In order to aid understanding of the financial statements and the related earnings position, we disclose the effect of deviations between the expected and actual pay-out ratio by presenting 'normalised' revenue and 'normalised' adjusted EBIT.

Total pay-outs for secondary lotteries in the first quarter of 2019 were €1,407k below the expected pay-out value (2018: €506k above). This combined with the €35k (2018: €579k) impact of the normalisation of hedging income, resulted in a difference between actual and expected statutory EBIT of €1,372k (2018: €1,085k).

Revenue

	Q 1 2019	Q 1 2018
in €k		
Actual	36,462	38,700
Expected[1]	35,055	39,206
Normalisation effect[2]	**1,407**	**(506)**

Adjusted EBIT

	Q 1 2019	Q 1 2018
in €k		
Actual	11,568	9,159
Expected[1]	10,196	10,244
Normalisation effect[2]	**1,372**	**(1,085)**

[1] *Actual results adjusted for the normalisation effect.*
[2] *The difference between actual and expected amounts. In Q1 2018 the Group presented EBIT adjusted for normalisation effect. In Q4 2018 the Group updated its alternative performance measure to present 'adjusted EBIT' adjusted for normalisation effects where 'adjusted EBIT' excludes exceptional items which could distort the readers' understanding of the financial statements. We believe this alternative performance measure is useful to enable a reader to compare underlying performance excluding the impact of irregular items and variances in pay-out ratios.*

EARNINGS PER SHARE (EPS)

EPS for the three-month period ended 31 March 2019 increased by €0.08 to €0.83 (2018 Restated: €0.75), due to an increase in the profit after tax of €605k compared to the prior period. EPS has been restated as a result of the restatement of the loss on financial assets from other comprehensive income to results from financing and investing activities. In line with the requirements of IFRS, the 2018 EPS has also been restated for the impact of the purchase of treasury shares by the Group in July 2018.

NET CASH POSITION

Net cash as at 31 March 2019, increased by €27,133k to €102,132k (2018: €74,999k). The increase in net cash is due to a €21,423k increase in cash (excluding pledged cash) and short-term deposits and a €8,610k decrease in the hedging reserve due to the implementation of the new ILS structure. This was offset by a €2,900k change in other working capital balances.

CASH FLOW

	Q 1 2019	Q 1 2018
in €k		Restated[1]
Cash inflow from operating activities	2,994	6,553
Cash used in investing activities	(3,349)	(226)
Cash used in financing activities	(494)	–
Changes in cash and pledged cash and financial assets	**(849)**	**6,327**
Cash and pledged cash and financial assets at the beginning of the period[2]	145,887	112,375
Cash and pledged cash and financial assets at the end of the period[2]	**145,038**	**118,702**

[1] The comparative information has been restated. Further details can be found on page 9.
[2] In line with IFRS, for the purpose of the statement of cash flows, financial assets exclude €2,991k (2018: €6,760k) invested in equity funds at the end of the period. The 2018 comparative excludes €6,800k (2019: nil) invested in equity funds at the beginning of the period.

Cash inflow from operating activities for the three-month period ended 31 March 2019 decreased by €3,559k to €2,994k (2018 Restated: cash inflow of €6,553k). The decrease is partly due to the payment of costs in 2019, which had been provided for at December 2018. This is offset by the payment made in relation to the Group's operating leases being reclassified from operating activities to financing activities as a result of the adoption of IFRS 16 on 1 January 2019.

Investing outflow for the three-month period ended 31 March 2019 increased by €3,123k to €3,349k (2018: €226k). The outflow is primarily attributable to the acquisition of equity investment funds of €2,975k and €350k paid to acquire a further 15% investment in Wshful.

The adoption of IFRS 16 means that payments for leases previously classified as operating leases and presented within operating cashflows in 2018 are presented within financing cashflows in 2019. This results in an increase in financing outflows of €494k to €494k, compared to Q1 2018.

As of 31 March 2019, cash and pledged cash and short-term deposits increased by €26,336k to €145,038k (2018 Restated: €118,702). This includes the retention of €21,390k (2018: €30,000k) which is held to ensure myLotto24 Limited is sufficiently financed to pay jackpot winnings as they fall due.

SELECTED NOTES

GENERAL INFORMATION

The unaudited Quarterly Statement for ZEAL Network SE (the 'Company') and its subsidiaries (collectively, 'ZEAL Group' or 'the Group') covers the period from 1 January 2019 to 31 March 2019. The date of the interim consolidated statement of financial position is 31 March 2019.

GOING CONCERN

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period no less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Quarterly Statement.

PRINCIPAL ACCOUNTING POLICIES

Except for the changes described below, the Group has consistently applied the accounting policies to all periods presented in this interim financial report.

ASSOCIATED COMPANIES

On 27 March 2019, the Group invested €350k (£300k) to acquire a 15% interest in Cloud Canyon Limited ('Wshful'), which is based in London, UK. This increased the interest held by the Group to 20%. As a result, the Group is now considered to have significant influence and so the investment is now accounted for as an associate.

Associated companies are those companies over which the Group has significant influence but no control, generally accompanied by a shareholding of 20% to 50%. Shares held in associated companies are accounted for using equity accounting.

Under equity accounting, the investment in the associated company is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associate from the acquisition date. Goodwill relating to the associated company is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associated company. When there has been a change recognised directly in the equity of the associated company, the Group recognises its share of any changes, when applicable, in its statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associated company are eliminated to the extent of the interest in the associate company.

At 31 March 2019, the Group's share of the loss of Wshful is immaterial. In future periods the profit or loss will be shown on the face of the income statement and will represent profit or loss after tax and non-controlling interests in the subsidiaries of the associated company. The financial statements of the associated company are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

IFRS 16

The Group has applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right of use assets and lease liabilities for most leases. The Group has applied the recognition exemption to short term leases of IT equipment and low value assets.

At transition, lease liabilities were measured at the present value of the remaining lease payment, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right of use assets have been measured at their carrying amount as if IFRS 16 had been applied since the lease commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group has applied the following practical expedients when applying IFRS 16 to leases previously classified as operating under IAS 17 and IFRIC 4:

- Applying a single discount rate to a portfolio of leases with similar characteristics,
- Applying the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of lease term remaining at date of initial application,
- Excluding initial direct costs from measuring the right of use asset at the date of initial application,
- Using hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Group recognised €6,924k of right of use assets and €8,333k of lease liabilities, recognising the difference in retained earnings. In line with the requirements of IFRS 16, the deferred rent accruals for the London and Hamburg offices have been released to retained earnings, resulting in a net impact of €292k on retained earnings at 1 January 2019.

PRIOR PERIOD RESTATEMENT

CASH AND CASH EQUIVALENTS

In preparing the 2018 Annual Report, it was determined that the financial asset balance reported in the comparative periods contained investments in both fixed income funds and equity investments, such as equity funds. Under IAS 7, equity instruments cannot be classified as cash and cash equivalents. As a result the Q1 2018 comparative information has been restated. This has resulted in the cash flow statement for the period ended 31 March 2018 being restated. The Group held €6,760k and €6,800k of equity funds at 31 March 2018 and 31 December 2017, respectively.

The opening cash and cash equivalents balance in the Q1 2018 statement of cash flows has been reduced from €119,175k to €112,375k to reflect the removal of the 31 December 2017 equity funds. The financial assets balance in the Q1 2018 statement of cash flows has been reduced from €27,036k to €20,276k to reflect the removal of the 31 March 2018 equity funds. Other non-cash charges have been restated from a loss of €69k to a gain of €58k to remove the fair value movement in equity funds in the period.

There is no impact on the classification of financial assets in the interim consolidated statement of financial position or the interim consolidated income statement as a result of this restatement.

FINANCIAL ASSETS

On adoption of IFRS 9 on 1 January 2018, the Group classified financial assets (investments in fixed income funds and equity funds) previously held as available-for-sale, as investments held at fair value through profit or loss (FVPL). Under IAS 39, all gains and losses on disposal of short-term financial assets were recognised in OCI and recycled to the income statement on disposal. The loss of €87k previously recognised in OCI has been reclassified to results from financing and investing activities in the interim consolidated income statement. The result from financing and investing activities has been restated from €64k to €151k. Profit before income tax has been restated from €9,095k to €9,008k and profit attributable to the equity shareholders of the Company has been restated from €6,368k to €6,281k.

Following the reduction to profit attributable to the equity shareholders of the Company, earnings per share has been restated from €0.76 to €0.75.

RELATED PARTIES

There has been no change in the related parties or their activities since the issue of the 2018 Annual Report on 20 March 2019.

SUBSEQUENT EVENTS

93.04% of Lotto24 shareholders accepted our offer, and we expect to formally reunite our businesses on 14 May 2019.

There were no other significant events after the balance sheet date that require separate disclosure.

APPROVAL

The Quarterly Statement was approved by the Executive Board of Directors on 7 May 2019.

FINANCIAL STATEMENTS

INTERIM CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2019 AND 31 MARCH 2018

	Q 1 2019	Q 1 2018
in €k		Restated
Revenue	36,462	38,700
Other operating income	911	1,130
Total Operating Performance (TOP)	**37,373**	**39,830**
Personnel expenses	(5,508)	(7,741)
Other operating expenses	(19,511)	(22,481)
Marketing expenses	*(5,157)*	*(4,669)*
Direct costs of operations	*(10,648)*	*(11,601)*
Other costs of operations	*(3,706)*	*(6,211)*
Exchange rate differences	(153)	(150)
Depreciation and amortisation of non-current assets	(269)	(299)
Depreciation of right of use assets	(364)	–
Result from operating activities before exceptional items (Adjusted EBIT)	**11,568**	**9,159**
Exceptional items	(1,792)	–
Result from operating activities (EBIT)	**9,776**	**9,159**
Finance income	30	20
Finance costs	(142)	(84)
Gain/(loss) on financial assets	173	(87)
Results from financing and investing activities	**61**	**(151)**
Profit before income tax	**9,837**	**9,008**
Income tax expense	(2,951)	(2,727)
Profit attributable to the equity shareholders of the Company	**6,886**	**6,281**
Earnings per share for profit attributable to ordinary equity holders of the Company	€	€
Basic and diluted earnings per share	0.83	0.75

	Q 1 2019	Q 1 2018
in €k		Restated
Profit for the period	**6,886**	**6,281**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	134	–
Items that may be reclassified to profit or loss in subsequent periods		
Exchange gain on translation of foreign operations	–	18
Other comprehensive income net of tax	**134**	**18**
Total comprehensive income attributable to the equity shareholders of the Company	**7,020**	**6,299**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 MARCH 2019 AND 31 DECEMBER 2018

	As at 31 March 2019	As at 31 December 2018
ASSETS in €k		
Non-current assets		
Property, plant and equipment	2,130	2,425
Right of use asset	6,560	–
Intangible assets	259	301
Deferred tax assets	356	627
Other investments	3,455	3,433
Shares in associated companies	464	–
Other assets and prepaid expenses	147	146
Total non-current assets	**13,371**	**6,932**
Current assets		
Income tax receivable	39	39
Trade receivables and other current assets	10,406	16,354
Financial assets	16,048	12,894
Cash and pledged cash	131,981	132,993
Total current assets	**158,474**	**162,280**
TOTAL ASSETS	**171,845**	**169,212**

EQUITY & LIABILITIES in €k	As at 31 March 2019	As at 31 December 2018
Non-current liabilities		
Other liabilities	448	1,758
Provisions	2,148	2,160
Lease liability	6,530	–
Total non-current liabilities	**9,126**	**3,918**
Current liabilities		
Trade payables	3,158	3,425
Other liabilities	18,844	25,424
Financial liabilities	116	106
Deferred income	1,908	3,098
Income tax liabilities	4,546	5,702
Provisions	2,597	4,341
Lease liability	1,624	–
Total current liabilities	**32,793**	**42,096**
Equity		
Subscribed capital	8,385	8,385
Share premium	21,578	21,578
Treasury shares	(1,903)	(1,903)
Other reserves	361	227
Foreign currency translation reserve	201	201
Retained earnings	101,304	94,710
Total equity	**129,926**	**123,198**
TOTAL EQUITY & LIABILITIES	**171,845**	**169,212**

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH 2019 AND 31 MARCH 2018

	Q 1 2019	Q 1 2018
in €k		Restated
Profit from continuing operations before tax	9,837	9,008
Adjustments for		
Depreciation and amortisation of non-current assets	269	299
Depreciation of right of use assets	364	–
Finance income	(30)	(20)
Finance costs	60	84
Finance costs – lease liability	82	–
Other non-cash changes	24	58
Changes in		
Trade receivables and other assets	5,947	2,439
Trade payables	(267)	(1,948)
Other liabilities	(6,547)	(174)
Financial liabilities	10	9
Deferred income	(1,190)	(189)
Provisions	(1,756)	–
Interest received	30	20
Interest paid	(60)	(84)
Interest paid on lease liability	(82)	–
Income taxes paid	(3,697)	(2,949)
Cash inflow from operating activities	**2,994**	**6,553**
Cash flow from investing activities		
Payments for acquisition of intangible assets	–	(2)
Payments for acquisition of property, plant and equipment	(24)	(224)
Payment for investment in associated company	(350)	–
Payment for investment in equity funds	(2,975)	–
Net cash outflow from investing activities	**(3,349)**	**(226)**
Payments for lease liability	(494)	–
Net cash outflow from financing activities	**(494)**	**–**
Net increase/(decrease) in cash, pledged cash and financial assets	(849)	6,327
Cash, pledged cash and financial assets at the beginning of the year	145,887	112,375
Cash, pledged cash and financial assets at the end of the period	**145,038**	**118,702**
Composition of cash, pledged cash and financial assets at the end of the period:		
Cash and pledged cash	131,981	98,426
Financial assets	13,057	20,276
	145,038	**118,702**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2018 AND FOR THE THREE MONTHS ENDED 31 MARCH 2019 AND 31 MARCH 2018

	Subscribed capital	Share premium	Treasury shares	Other reserves	Retained earnings	Currency translation adjustments	**Total equity**
in €k							
As at 1 January 2018	**8,385**	**21,578**	**–**	**(560)**	**77,030**	**183**	**106,616**
Reclassification on adoption of IFRS 9	–	–	–	642	(642)	–	–
Profit for the period[1]	–	–	–	–	6,281	–	6,281
Other comprehensive income[1]	–	–	–	–	–	18	18
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**6,281**	**18**	**6,299**
As at 31 March 2018	**8,385**	**21,578**	**–**	**82**	**82,669**	**201**	**112,915**
Profit for the period	–	–	–	–	20,382	–	20,382
Other comprehensive income	–	–	–	145	–	–	145
Total comprehensive income for the period	**–**	**–**	**–**	**145**	**20,382**	**–**	**20,527**
Transactions with owners in their capacity as owners							
Treasury shares acquired	–	–	(1,903)	–	–	–	(1,903)
Dividends paid	–	–	–	–	(8,341)	–	(8,341)
As at 31 December 2018	**8,385**	**21,578**	**(1,903)**	**227**	**94,710**	**201**	**123,198**
Reclassification on adoption of IFRS 16	–	–	–	–	(292)	–	(292)
Profit for the period	–	–	–	–	6,886	–	6,886
Other comprehensive income	–	–	–	134	–	–	134
Total comprehensive income for the period	**–**	**–**	**–**	**134**	**6,886**	**–**	**7,020**
As at 31 March 2019	**8,385**	**21,578**	**(1,903)**	**361**	**101,304**	**201**	**129,926**

[1] *Comparative information has been restated. For further details see page 9.*

SEGMENT REPORTING

The Group's operating segments are Lottery Betting, Lottovate and ZEAL Ventures. This is consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), being the Executive Board of Directors.

The costs attributable to the operating activities of ZEAL Ventures are not separately disclosed. These costs do not meet the quantitative threshold requirements for separately identifiable segment reporting and are instead proportionally allocated to the Lottery Betting and Lottovate segments.

The results for Q1 2019 in the Lottovate segment do not contain any activities for Lotto Network or the Ventura24 B2C business, as both of these operations were closed in Q4 2018. There has been no other change in the results or activities of the individual segments since the issue of the 2018 Annual Report on 20 March 2019.

Business unit segment reporting

Q1 2019	Lottery Betting	Lottovate	**Business unit total**	Normalisation adjustments	Other adjustments	**Statutory total**
in €k						
Revenue from secondary lottery	26,184	–	**26,184**	1,190	46	**27,420**
Revenue from Instant Win Games	3,733	–	**3,733**	217	–	**3,950**
Revenue from ticket sales and commission	3,823	1,269	**5,092**	–	–	**5,092**
Other operating income	882	90	**972**	(35)	(26)	**911**
Total operating performance (TOP)	34,622	1,359	**35,981**	1,372	20	**37,373**
EBITDA	12,188	(1,184)	**11,004**	1,372	(175)	**12,201**
Depreciation/amortisation	(496)	(137)	**(633)**	–	–	**(633)**
Adjusted EBIT	11,692	(1,321)	**10,371**	1,372	(175)	**11,568**
Exceptional items	–	–	**(1,792)**	–	–	**(1,792)**
EBIT	–	–	**8,579**	1,372	(175)	**9,776**
Financing and investing result	–	–	**–**	–	61	**61**
EBT	–	–	**8,579**	1,372	(114)	**9,837**
Income tax	–	–	**–**	–	(2,951)	**(2,951)**
Net profit/(loss)	–	–	**8,579**	1,372	(3,065)	**6,886**

Business unit segment reporting

Q1 2018 Restated	Lottery Betting	Lottovate	**Business unit total**	Normalisation adjustments	Other adjustments	**Statutory total**
in €k						
Revenue from secondary lottery	30,257	–	**30,257**	(1,373)	51	**28,935**
Revenue from Instant Win Games	2,994	–	**2,994**	867	–	**3,861**
Revenue from ticket sales and commission	3,824	2,080	**5,904**	–	–	**5,904**
Other operating income	1,622	91	**1,713**	(579)	(4)	**1,130**
Total operating performance (TOP)	38,697	2,171	**40,868**	(1,085)	47	**39,830**
EBITDA	12,933	(2,013)	**10,920**	(1,085)	(377)	**9,458**
Depreciation/amortisation	(227)	(72)	**(299)**	–	–	**(299)**
EBIT	12,706	(2,085)	**10,621**	(1,085)	(377)	**9,159**
Financing and investing result	–	–	**–**	–	(151)	**(151)**
EBT	–	–	**10,621**	(1,085)	(528)	**9,008**
Income tax	–	–	**–**	–	(2,727)	**(2,727)**
Net profit/(loss)	–	–	**10,621**	(1,085)	(3,255)	**6,281**

The table has been restated to separately disclose the revenue earned from different revenue streams, in accordance with IFRS 15, and for the impact of the restatement of the €87k loss on financial assets from other comprehensive income to financing and investing results in income statement.

FINANCIAL CALENDAR

27 June 2019	Annual General Meeting
14 August 2019	Publication of Q 2 Report
13 November 2019	Publication of Q 3 Report

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