



Quarterly statement

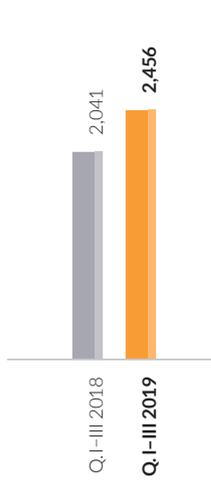
01.01.–30.09.2019



Profitability improved

REGISTERED CUSTOMERS

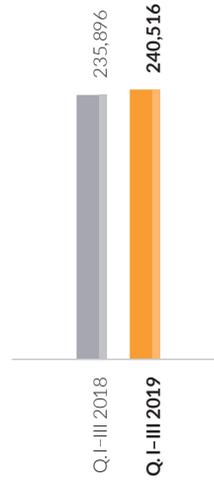
in thousand
(accumulated, 30.09.)



+20%

BILLINGS

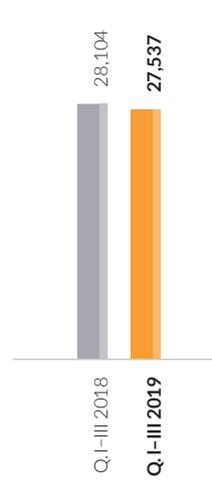
in EUR thousand



+2%

REVENUES

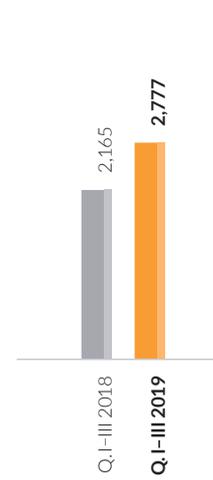
in EUR thousand



-2%

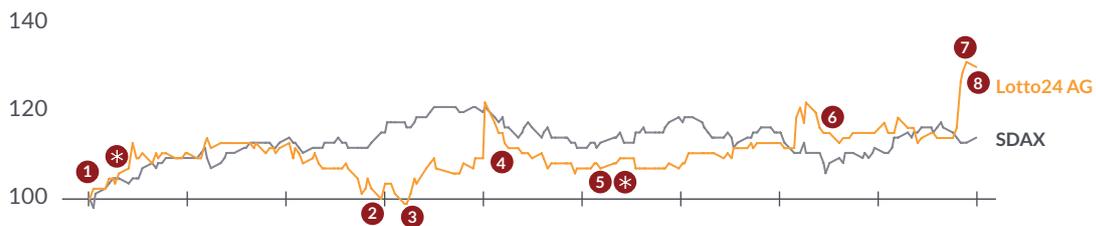
EBIT

in EUR thousand



+28%

PERFORMANCE OF THE LOTTO24 SHARE



02.01.2019 = 100

30.09.2019

opening price
9,569.28 points (SDAX)
EUR 12.22 (Lotto24 AG)

closing price
11,026.82 points (SDAX)
EUR 16.20 (Lotto24 AG)

- ① 02.01. Opening price ② 28.03. Publication of Annual Report 2018 ③ 09.04. Lowest price
- ④ 09.05. Publication Q. I 2019 ⑤ 04.06. Annual General Meeting ⑥ 14.08. Publication Q. II 2019
- ⑦ 27.09. Extraordinary General Meeting and Highest price ⑧ 30.09. Closing price * Insider information

KEY FIGURES OF LOTTO24 AG

in EUR thousand	Q. I-III 2019	Q. I-III 2018
Revenues	27,537	28,104
EBIT	2,777	2,165
Net profit for the period	3,401	7,827
Cash flow from operating activities	3,475	1,770
Equity as of 30 September 2019 and 31 December 2018	35,727	32,326
Employees as of 30 September ¹⁾	90	96

¹⁾ Full-time equivalents; not including members of the Executive Board and student helpers.

Subscribed capital equals the Company's capital stock and is fully paid.

BASIC DATA ON THE LOTTO24 SHARE

WKN	LTT024
ISIN ¹⁾	DE000LTT0243
Ticker symbol	LO24
Reuters code	LO24G.DE
Bloomberg code	LO24:GR
Stock exchange	Frankfurt
Market segment	Regulated Market, Prime Standard
Designated sponsor	ODDO SEYDLER BANK AG

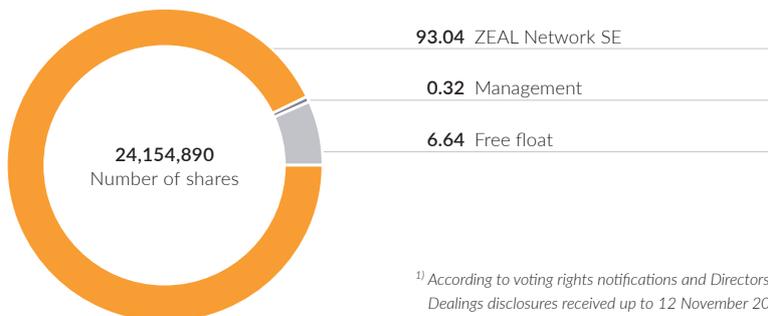
¹⁾ International Securities Identification Number

KEY FIGURES FOR THE LOTTO24 SHARE

	Q. I-III 2019	Q. I-III 2018
Number of shares on reporting day	24,154,890	24,154,890
Highest price (in EUR)	16.35	16.10
Lowest price (in EUR)	12.00	9.66
Share price on reporting day (in EUR)	16.20	14.66
Market capitalisation on reporting day (in EUR million)	391.3	354.1
Average daily Xetra trading volume (in units)	4,541	7,783
Earnings per share (in EUR)	0.14	0.32

SHAREHOLDER STRUCTURE¹⁾

in %



¹⁾ According to voting rights notifications and Directors' Dealings disclosures received up to 12 November 2019.

FOREWORD

Ladies and gentlemen,

The first nine months of 2019 were an exciting period for Lotto24 AG: following the successful completion of the takeover by ZEAL Network SE (ZEAL), we have been a member of the ZEAL Group since 14 May 2019. Despite the organisational changes resulting from the takeover and the weak EuroJackpot development in the first nine months of 2019 compared with the same period of the previous year, we were able to continue growing in the reporting period and improve our profitability once again.

In the third quarter of 2019 in particular billings and revenues rose by 11.6% to EUR 83.4 million (prior year: EUR 74.7 million) and by 10.1% to EUR 9.5 million (prior year: EUR 8.7 million) respectively. At 11.4%, our gross margin was slightly below the previous year's figure (prior year: 11.6%). At the same time, we gained 97 thousand new customers (prior year: 90 thousand) with a cost per lead (CPL) of EUR 26.80 (prior year: EUR 25.78).

In the first nine months of 2019, we achieved billings of EUR 240.5 million (prior year: EUR 235.9 million, +2.0%), revenues of EUR 27.5 million (prior year: EUR 28.1 million, -2.0%) and a gross margin of 11.4% (prior year: 11.9%). The decrease was primarily due to the lower share of lotto clubs as a result of the weaker jackpot environment. With 287 thousand new customers in the first nine months (prior year: 468 thousand), the total number of customers registered with Lotto24 rose to 2,456 thousand (prior year: 2,041 thousand). In line with the comparatively weak jackpot trend marketing expenses were reduced to EUR 8.0 million (prior year: EUR 12.0 million) with a CPL of EUR 28.04 (prior year: EUR 25.58). For this reason in particular, EBITDA and EBIT rose to EUR 5.3 million (prior year: EUR 3.0 million) and EUR 2.8 million (prior year: EUR 2.2 million), respectively. Before one-off expenses of EUR 1.3 million, EBIT even reached EUR 4.1 million (prior year: EUR 2.2 million). However, due to a strongly positive technical tax effect in the first nine months of 2018, our net profit of EUR 3.4 million was down on the previous year (prior year: EUR 7.8 million).

Dear shareholders, our Extraordinary General Meeting was held in Hamburg on 27 September 2019. With approximately 95% of the voting capital present, all items on the agenda were approved. With the enlargement of the Supervisory Board from three to six members and the nomination of three independent candidates, we would like to demonstrate clearly once again that the interests of the minority shareholders are being adequately considered.

We are also pleased to inform you that we have returned the former Tipp24 secondary lottery to the German brokerage business and that as of 15 October 2019 we now also broker lottery tickets to the state lottery companies via the domains Tipp24.de and Tipp24.com. The corresponding contracts governing our future cooperation with ZEAL were signed on 30 September 2019. We remain highly aware that these agreements must stand up to scrutiny in compliance with the arm's-length principle. Accordingly, we have defined our assumptions regarding commissions, cost effects and earnings shares to be agreed for Lotto24 as if we were negotiating with a third party. We have taken due account of the fact that both companies can benefit from the contractual relationships in a balanced manner. To this end, we also obtained appropriate advice and, among other things, a fairness opinion from a recognised auditing firm. We are therefore convinced that the contracts concluded are fair and appropriate for Lotto24 AG.

Hamburg, 12 November 2019



Petra von Strombeck
Chief Executive Officer



Jonas Mattsson
Chief Financial Officer

BUSINESS DEVELOPMENT AND SIGNIFICANT EVENTS IN THE REPORTING PERIOD

BUSINESS AND ECONOMIC CONDITIONS

Compelling business model

Lotto24 AG – a member of the ZEAL Group since May 2019 – is Germany's leading online provider of state-licensed lotteries (Lotto24.de) and is attractively positioned in the value chain of the lottery business: we broker lottery products via the Internet and receive brokerage commissions from the lottery operators. We can therefore generate income without bearing the bookmaking risk ourselves.

We offer our customers the possibility to participate in such lottery products as »Lotto 6aus49«, »Spiel 77«, »Super 6«, »EuroJackpot«, »DuoLotto«, »GlücksSpirale«, »Keno«, »Plus 5«, lotto clubs and »Deutsche Fernsehlotterie«. On behalf of, and in the name of, our customers, we enter into gaming agreements with the respective lottery operator.

Following our foundation in 2010 and IPO in 2012 on the Frankfurt Stock Exchange (Prime Standard), we are now the market leader. As a fast-growing company with a strong service and customer orientation, we aim to provide our customers with the most convenient, secure and modern game experience possible – both online and mobile.

Corporate management

Until 30 June 2019, Lotto24 AG was headed by Petra von Strombeck (CEO) and Magnus von Zitzewitz (Executive Board member). Magnus von Zitzewitz left the Company by mutual agreement and on amicable terms as of 30 June 2019 to seek new professional challenges after seven years as a member of the Company's Executive Board. He has been succeeded by the CFO of ZEAL, Jonas Mattsson, who took on the additional responsibility as CFO of Lotto24 as of 1 July 2019.

As a result, Lotto24 AG has been headed by Petra von Strombeck (CEO) and Jonas Mattsson (CFO) since 1 July 2019.

Petra von Strombeck is responsible for Corporate Strategy and Development, Marketing, Sales, Legal Affairs and Regulation, the B2C (Business-to-Customer) and B2B (Business-to-Business) business fields, Investor Relations, Communication, Human Resources, Organisation, IT Strategy, IT Systems, IT Processes and IT Operation, as well as Process and Innovation Management and the B2G (Business-to-Government) business field.

Jonas Mattsson is responsible for Finance, Accounting, Taxes, Controlling, Compliance and Risk Management.

Petra von Strombeck will, however, also step down from her position by mutual agreement as of 31 December 2019. After twelve years in the lottery business, of which more than seven as CEO of Lotto24 AG, Ms von Strombeck wants to pursue a new career challenge. The Supervisory Board of Lotto24 AG will decide on a successor to Petra von Strombeck as quickly as possible.

EMPLOYEES

	30.09.2019	30.09.2018
Marketing	41	38
IT	32	38
Corporate Services	17	20
Total ¹⁾	90	96
Number of student helpers, mostly in customer service	8	9

¹⁾ Full-time equivalents; not including members of the Executive Board and student helpers.

ECONOMIC REPORT

Legal and economic conditions

Legal conditions

We reported extensively on the legal conditions, the development of the overall lottery market and its online segment in both the Annual Report 2018 and the Half-yearly Financial Report 2019. One change occurred during the reporting period:

Filing of an action for annulment

As already announced on 1 August 2019 in the Federal Gazette two shareholders have brought an action for annulment before the Hamburg Regional Court against the resolutions adopted at the Annual General Meeting of Lotto24 AG on 4 June 2019 regarding agenda items no. 6 (resolution on the dismissal of Prof. Willi Berchtold as a member of the Supervisory Board) and no. 7 (resolution on the election of a new member of the Supervisory Board). The date for the conciliation hearing and the immediately following main hearing was set for 20 February 2020.

Otherwise, our assessment of the opportunity and risk situation remains unchanged.

Economic conditions

We reported extensively on the economic conditions, the development of the overall lottery market and its online segment in both the Annual Report 2018 and the Half-yearly Financial Report 2019. There were no other new developments in the reporting period.

Moreover, as the German Association of State Lottery Companies («Deutscher Lotto- und Totoblock, DLTB») only provides information on market figures for the online segment once at the beginning of each fiscal year, we did not receive any new information on this matter during the reporting period.

Much weaker jackpot trend than in the previous year

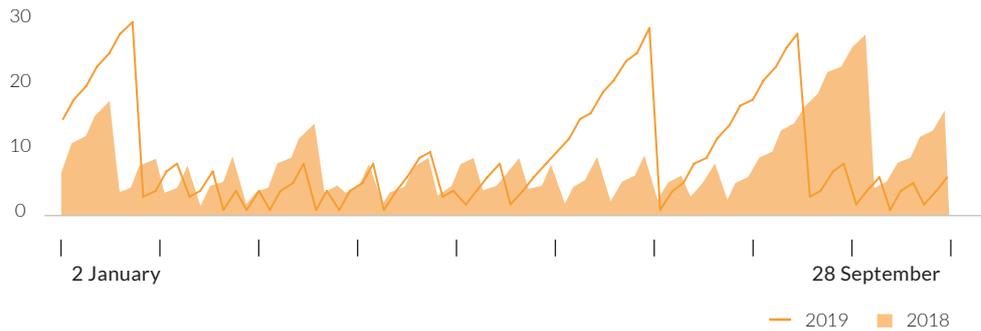
We expect particularly strong increases in the activity rate and number of registered customers when potential players have greater expectations of exceptional winnings, in other words whenever there are large jackpots. Such jackpots are comprised of stakes submitted by players who did not meet the conditions for winning prizes and which are then paid out to the winners on top of regular prizes in a subsequent draw. In the German »6aus49« lottery, this relates in particular to the combination of six correct numbers and the super number.

In the first nine months of 2019, the German lottery »6aus49« reported three jackpots of over EUR 20 million (prior year: one) which led directly to a guaranteed jackpot payout after the 13th draw on three occasions (prior year: once). However, the increasingly popular European lottery EuroJackpot only reached the EUR 90 million mark in two of its draws in the first nine months of 2019 and thus performed far worse than in the prior-year period when the EUR 90 million mark was reached in nine draws.

On the basis of statistical probability, we therefore continue to expect lower jackpots in 2019 than in 2018.

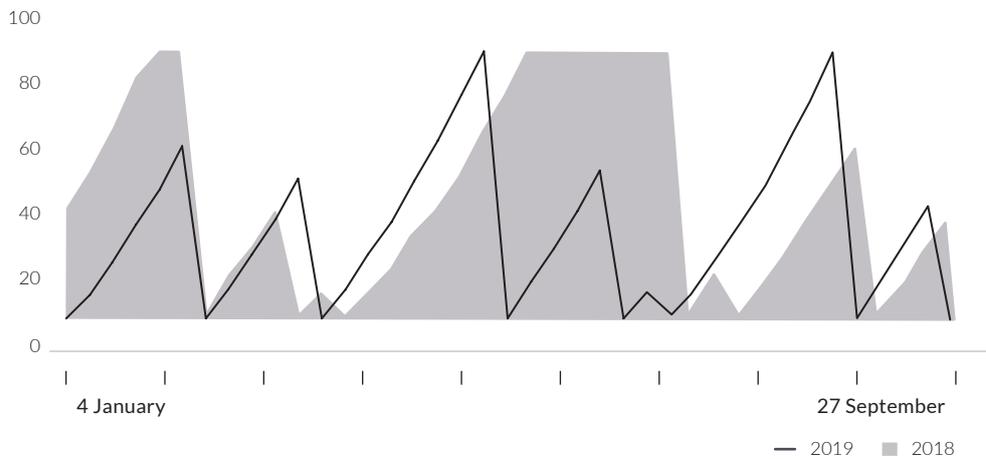
Lotto 6aus49

in EUR million



EuroJackpot

in EUR million



Business development

Extraordinary General Meeting

Our Extraordinary General Meeting was held in Hamburg on 27 September 2019. With a total presence of around 95% of the voting capital, all items on the agenda were approved.

The agenda included amendments to the Articles of Association to increase the number of Supervisory Board members from three to six as well as corresponding regulations for Supervisory Board committees. Based on the previous three Supervisory Board members, the Articles of Association of Lotto24 AG did not yet provide for any remuneration for committee activities. In addition, the three new Supervisory Board positions were filled by Dr. Andreas Meyer-Landrut, Dr. Stefan Mäger and Dr. Otto Lose, as proposed by the administration.

The agenda items adopted in the course of a supplementary motion to confirm the resolution on agenda items 6 (dismissal of Prof. Willi Berchtold) and 7 (election of a new member of the Supervisory Board) of the Annual General Meeting on 4 June 2019 were also approved accordingly.

Lotto24 app meets new Apple guideline

For the respective app stores of the two relevant mobile operating systems, »Android« (Google) and »iOS« (Apple), we developed apps some years ago which are specially designed to meet the needs of users and their devices – whether smartphone or tablet. However, the app developed for Android in the »Google Play Store« had to be removed from the Play Store as early as 2017 due to a Google guideline that significantly restricted gambling offers via app. In the summer of 2019, Apple also issued stricter requirements for gambling services. Apple has meanwhile postponed the implementation, originally scheduled for 3 September 2019 to 3 March 2020 – it already applies however to apps newly submitted to the App Store Review. The guideline stipulates that for games of chance, especially lotteries, only so-called native apps may be used that contain only code that can be verified by Apple. The latter is only guaranteed for the native part of the app. Since our current app as a hybrid development also has a non-native component for the provision of the shopping basket and payment processes, we adapted it in good time. Our continuous presence in the App Store and our position as one of the top hits for the search term »lotto« is thus guaranteed.

POSITION

Unless stated otherwise, all key performance indicators (KPIs) are disclosed in thousands of euros (in EUR thousand), which may lead to rounding differences in certain cases.

INCOME STATEMENT

in EUR thousand	Q.I-III 2019	Q.I-III 2018	Change %	Q.III 2019	Q. III 2018	Change %
Billings	240,516	235,896	2.0	83,390	74,726	11.6
Remitted stakes (less revenues)	-212,979	-207,791	2.5	-73,855	-66,064	11.8
Revenues	27,537	28,104	-2.0	9,535	8,663	10.1
Personnel expenses	-5,930	-6,341	-6.5	-1,565	-2,187	-28.4
Impairment loss for financial assets	-463	-435	6.4	-175	-122	43.4
Other operating expenses	-15,924	-18,505	-14.0	-5,382	-4,628	16.3
less other operating income	53	222	-76.1	12	62	-80.6
Operating expenses	-22,264	-25,060	-11.2	-7,110	-6,875	3.4
EBITDA	5,273	3,045	73.2	2,425	1,788	35.6
Amortisation and depreciation	-1,151	-880	30.8	-354	-287	23.3
EBIT before one-off expenses	4,122	2,165	90.4	2,071	1,502	37.9
One-off expenses	-1,345	-	100.0	-775	-	100.0
EBIT	2,777	2,165	28.3	1,296	1,502	-13.7
Financial result	-99	-105	-5.7	-34	-39	-12.8
Net profit before taxes	2,678	2,059	30.0	1,262	1,462	-13.7
Income taxes	723	5,768	-87.5	581	4,064	-85.7
Net profit	3,401	7,827	-56.5	1,843	5,526	-66.6
Breakdown of other operating expenses						
Marketing expenses	-8,048	-11,968	-32.8	-2,603	-2,317	12.3
Direct operating expenses	-1,995	-2,260	-11.7	-681	-739	-7.8
Indirect operating expenses	-5,881	-4,277	37.5	-2,098	-1,572	33.5
Other operating expenses	-15,924	-18,505	-14.0	-5,382	-4,628	16.3

KEY FINANCIAL FIGURES

	Q. I-III 2019	Q. I-III 2018
Billings (in EUR thousand)	240,516	235,896
Revenues (in EUR thousand)	27,537	28,104
Gross margin (%)	11.4	11.9
EBIT (in EUR thousand)	2,777	2,165
Number of registered customers as of 30 September 2019 (in thousand)	2,456	2,041
Number of new customer registrations (in thousand)	287	468
Cost per lead (CPL, in EUR)	28.04	25.58

Earnings position

Stable KPIs

In the first nine months of 2019, we achieved billings of EUR 240.5 million (prior year: EUR 235.9 million, +2.0%), revenues of EUR 27.5 million (prior year: EUR 28.1 million, -2.0%) and a gross margin of 11.4% (previous year: 11.9%). The decrease was primarily due to the lower share of lotto clubs as a result of the weaker jackpot environment. With 287 thousand new customers in the first nine months (prior year: 468 thousand), the total number of customers registered with Lotto24 rose to 2,456 thousand (prior year: 2,041 thousand). In line with the comparatively weak jackpot trend marketing expenses were reduced to EUR 8.0 million (prior year: EUR 12.0 million) with a CPL of EUR 28.04 (prior year: EUR 25.58). The increase was a result of the weaker jackpot environment, which led to higher costs being incurred to attract new customers.

Strong development in EBITDA and EBIT

EBITDA increased by 73% to EUR 5,273 thousand in the first nine-months of 2019 (prior year: EUR 3,045 thousand). This was primarily driven by the 14% decrease in other operating expenses and 6.5% decrease in personnel expenses.

One-off expenses of EUR 1,345 thousand (prior year: EUR – thousand) as well as amortisation and depreciation of EUR 1,151 thousand (prior year: EUR 880 thousand) resulted in an EBIT of EUR 2,777 thousand (prior year: EUR 2,165 thousand). Before one-off expenses, EBIT even reached EUR 4,122 thousand (prior year: EUR 2,165 thousand).

Earnings per share decreased to EUR 0.14 (prior year: EUR 0.32).

Personnel expenses

Following the takeover by ZEAL Network SE, the Group (ZEAL Network SE and its subsidiaries) has been restructured and the number of overall employees reduced: as of 30 September 2019, Lotto24 AG employed 90 people (full-time equivalents, excluding the two Executive Board members and student helpers, prior year: 96). As costs of Lotto24 employees on gardening leave have been classified as one-off expenses or are recharged to ZEAL, personnel expenses for the nine-months ended 30 September 2019 decreased by EUR 411 thousand to EUR 5,930 thousand (prior year: EUR 6,341 thousand).

Other operating expenses

Other operating expenses decreased by 14%, or EUR 2,581 thousand, to EUR 15,924 thousand (prior year: EUR 18,505 thousand).

- A decrease in marketing expenses of EUR 3,920 thousand was mainly driven by the weaker jackpot environment. Moreover comparatively more expensive TV commercials conducted in 2018 were not repeated in 2019.
- There was a decrease in direct operating expenses of EUR 265 thousand. This was primarily driven by a EUR 145 thousand decrease in commission fees resulting from a fall in revenues as well as a EUR 77 thousand decrease in payment processing costs, following the successful negotiation of improved credit card payment terms.
- By contrast indirect operating expenses rose by EUR 1,604 thousand. IT consulting costs increased by EUR 590 thousand as we looked to strengthen our internal technology team with freelancers. In addition, legal and consultancy costs rose by EUR 906 thousand and other costs by EUR 462 thousand. This was offset by a EUR 463 thousand decrease in rental costs, following the adoption of IFRS 16.

Amortisation and depreciation

In the first nine months of 2019, amortisation and depreciation increased to EUR 1,151 thousand (prior year: EUR 880 thousand). This was due to the initial adoption of IFRS 16 on 1 January 2019 and the associated reallocation of costs from other operating expenses.

One-off expenses

One-off expenses for the nine-months ended 30 September 2019 amounted to EUR 1,345 thousand (prior year: EUR – thousand). This figure consists of EUR 572 thousand of costs incurred for employee severance and EUR 172 thousand of costs incurred associated with the acquisition by ZEAL Network SE and the planned implementation of synergies. Of the EUR 4,380 thousand originally incurred for personnel and consultancy fees, costs of EUR 3,636 thousand have been recharged to ZEAL.

Finally, EUR 600 thousand has been provided for legal risks.

Financial position

Financial analysis

Assets

Current assets increased from EUR 17,093 thousand as at 31 December 2018 to EUR 21,900 thousand at 30 September 2019. This was primarily driven by the EUR 3,636 thousand receivable (IC) from ZEAL Network SE to cover costs associated with the departure of members of the Executive Board of Lotto24 and other costs relating to the takeover by ZEAL (e.g. employee severance, retention).

As of 30 September 2019, current financial assets comprised the following items:

CURRENT FINANCIAL ASSETS		
in EUR thousand	30.09.2019	31.12.2018
Receivables from gaming operations	5,516	6,714
Deposits	1,041	1,016
Other	25	241
Total	6,582	7,970

Receivables from gaming operations decreased as a result of the timing of payments. They comprise receivables on customer winnings to be forwarded, as well as receivables from current payment processing and the Company's own brokerage commission claims. Deposits mainly comprise collaterals to be provided to the state lottery companies.

Other current assets of EUR 25 thousand (December 2018: EUR 241 thousand) mainly refer to prepaid expenses for maintenance and services for software and hardware, as well as for marketing services.

As in the previous year, all current financial and other current assets are due in less than one year.

As at the balance sheet date, there were no indications of impairment which would have entailed the recognition of an impairment loss.

Non-current assets have increased by EUR 3,240 thousand to EUR 36,534 thousand (December 2018: EUR 33,294 thousand). This is primarily driven by the adoption of IFRS 16, which has resulted in right-of-use assets being recognised on the balance sheet from 1 January 2019.

Liabilities

As of 30 September 2019, trade payables amounted to EUR 1,316 thousand (December 2018: EUR 1,934 thousand). They mostly comprise open payment obligations as of the balance sheet date for marketing services already received, as well as for legal and technical consultancy. All trade payables have remaining terms of up to one year.

As of 30 September 2019, current financial liabilities comprised the following items:

CURRENT FINANCIAL LIABILITIES		
in EUR thousand	30.09.2019	31.12.2018
Liabilities from gaming operations	10,535	11,197
Interest-bearing loans	164	193
Other liabilities	362	45
Total	11,061	11,435

As of 30 September 2019, current financial liabilities decreased to EUR 11,061 thousand (December 2018: EUR 11,435 thousand). This was primarily driven by the EUR 662 thousand decrease in liabilities from gaming operations due to the timing of payments. This was partially offset by the EUR 317 thousand increase in other liabilities which reflects the current lease liabilities recognised following the adoption of IFRS 16 in January 2019.

Short-term provisions increased from EUR 2,382 thousand as at 31 December 2018 to EUR 6,558 thousand as at 30 September 2019. The rise resulted from the recognition of a EUR 5,695 thousand liability to cover the costs of employees and members of the Executive Board leaving Lotto24 following its merger with ZEAL. This was offset by the decrease in the bonus provision following the payment of 2018 annual bonuses in 2019.

Non-current liabilities increased from EUR 1,738 thousand as at 31 December 2018 to EUR 2,840 thousand as at 30 September 2019, as a result of the recognition of non-current lease liabilities following the adoption of IFRS 16. This was offset by the reclassification of the provision for share-based remuneration from non-current liabilities to short-term provisions relating to the departure of Petra von Strombeck and Magnus von Zitzewitz.

Investment analysis

In the first nine months of 2019, we invested a total of EUR 209 thousand (prior year: EUR 559 thousand) – mainly in software and hardware needed for operations, such as our apps, as well as in workplace equipment, our business intelligence system and the remodelling of our office space.

Liquidity analysis

KEY CASH FLOW ITEMS

in EUR thousand	Q. I-III 2019	Q. I-III 2018
Cash inflow from operating activities	3,475	1,770
Cash used in investing activities	-209	-559
Cash used in financing activities	-420	-883
Change in available funds	2,846	329
Available funds at the beginning of the period	8,072	8,271
Available funds at the end of the period	10,918	8,601
Available funds	10,918	8,601

Cash inflow from operating activities in the first nine months of 2019 increased by EUR 1,705 thousand (prior year: EUR 1,770 thousand). This was primarily driven by a EUR 619 thousand increase in profit before tax, a EUR 271 thousand increase in depreciation (following the adoption of IFRS 16) and a EUR 698 thousand positive movement in working capital.

In the first nine months of 2019, investing activities resulted in cash outflows of EUR 209 thousand (prior year: EUR 559 thousand). Following the takeover by ZEAL Network SE, significant capital expenditure was reduced as both companies considered the future direction of the new group. This resulted in a EUR 214 thousand fall in the purchase of property, plant and equipment and a EUR 135 thousand fall in the purchase of intangible assets.

Cash outflow used in financing activities decreased to EUR 420 thousand in the nine-month period ended 30 September 2019 (prior year: EUR 883 thousand). This was driven by the EUR 739 thousand decrease in loan repayments offset by the EUR 276 thousand paid for leases. Since the adoption of IFRS 16 payments for leases previously classified as operating leases and presented within operating cash flows in 2018 are now presented within financing cash flows.

SUBSEQUENT EVENTS

Tipp24 returns to German lottery brokerage

As announced, ZEAL Network SE completed the planned business model change and returned the former Tipp24 secondary lottery back into the German brokerage business. Since 15 October 2019, we have therefore also been brokering tickets to the state lottery companies via the Tipp24.de and Tipp24.com domains.

Between the end of the reporting period and the publication date, there were no other significant events with a relevant influence on the financial position and performance of Lotto24 AG.

REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS

Opportunities and risks

We reported in detail on expected developments and associated material opportunities and risks in both the Annual Report 2018 and the Half-yearly Financial Report 2019. In addition, our assessment of an existing risk has changed:

New Apple guideline as of 3 September 2019 and 3 March 2020, respectively

After adjusting our app to meet the new Apple guideline, which was originally planned to be implemented on 3 September 2019 but has since been postponed to 3 March 2020, our continuous presence in the App Store and our position as one of the top hits for the search term »lotto« is still guaranteed. There is therefore no longer any risk that the new app will not or not seamlessly pass through the Apple approval process, or that the limited lead time will necessitate a reduction in quality, which could lead to negative customer reactions. The risk that customers may be temporarily unable to find our app in the App Store, which could enable competitors to take over our good positioning, also no longer exists.

Otherwise, our assessment of the opportunity and risk situation remains unchanged.

Forecast report

In 2019, we still plan to further extend our market leadership as an online provider of state-licensed lotteries.

For Lotto24 AG (stand-alone), we continue to expect stable figures for billings and revenues due to the exceptionally strong jackpot trend in 2018. As we have returned the former Tipp24 secondary lottery to the German brokerage business as announced and now also broker tickets to the state lottery companies via the domains Tipp24.de and Tipp24.com as of 15 October 2019, billings and revenues – including the resulting positive effects expected – will be higher than the corresponding prior-year figures. Our gross margin is expected to remain slightly below the prior year level (previously: stable at prior year level). In addition, we continue to anticipate a fall in the number of new customers (excluding Tipp24 customers added as a result of the ZEAL business model change) and a rise in CPL. Depending on external conditions, especially the jackpot trend, and marketing investments to attract new customers, our EBIT will continue to be well above the break-even point – without consideration of any transaction costs incurred during the takeover. The exact financial implications resulting from the Tipp24 integration can only be predicted more accurately when the Tipp24 customer migration has been more advanced.

	2019	2019	2018
	Forecast (incl. Tipp24)	Forecast	Actual
Billings	Above prior-year figure	Stable at prior-year level	EUR 321.8 million
Revenues	Above prior-year figure	Stable at prior-year level	EUR 38.3 million
Gross margin	Slightly below previous year	Slightly below previous year	11.90%
EBIT	Well above break-even	Well above break-even	EUR 2.6 million
CPL	Higher than previous year	Higher than previous year	EUR 25.88
New customers	Falling number of new customers	Falling number of new customers	596 thousand

Overall statement on the expected development of Lotto24 AG

Lotto24 is well positioned to participate further in the growth of Germany's online lottery market: after already establishing ourselves as market leader in 2014, we have extended our leading position – thanks in part to the outstanding jackpot trend in fiscal year 2018. The merger with ZEAL in May 2019 will significantly strengthen our market position once again.

Hamburg, 12 November 2019

The Executive Board



Petra von Strombeck
Chief Executive Officer



Jonas Mattsson
Chief Financial Officer

KEY PERFORMANCE FIGURES

INCOME STATEMENT

FROM 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Q. I-III 2019	Q. I-III 2018	Q. III 2019	Q. III 2018
Billings	240,516	235,896	83,390	74,726
Remitted stakes (less revenues)	-212,979	-207,791	-73,855	-66,064
Revenues	27,537	28,104	9,535	8,663
Other operating income	53	222	12	62
Total performance	27,590	28,326	9,547	8,725
Personnel expenses	-5,930	-6,341	-1,565	-2,187
Impairment loss for financial assets	-463	-435	-175	-122
Other operating expenses	-15,924	-18,505	-5,382	-4,628
Result from operating activities before interest, taxes, depreciation and amortisation (EBITDA)	5,273	3,045	2,425	1,788
Amortisation/depreciation on intangible assets and property, plant and equipment	-1,151	-880	-354	-287
Result from operating activities (EBIT) before one-off expenses	4,122	2,165	2,071	1,502
One-off expenses	-1,345	-	-775	-
Result from operating activities (EBIT)	2,777	2,165	1,296	1,502
Revenues from financial activities	0	0	0	0
Expenses from financial activities	-99	-105	-34	-39
Financial result	-99	-105	-34	-39
Net profit before taxes	2,678	2,059	1,262	1,462
Income taxes	723	5,768	581	4,064
Net profit (after taxes)	3,401	7,827	1,843	5,526
Earnings per share (undiluted and diluted, in EUR/share)	0.14	0.32	0.08	0.23
Weighted average of ordinary shares outstanding (undiluted and diluted, in shares)	24,154,890	24,154,890	24,154,890	24,154,890

Net profit after taxes is attributable exclusively to the owners of Lotto24 AG, Hamburg.

STATEMENT OF COMPREHENSIVE INCOME

FROM 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Q.I-III 2019	Q.I-III 2018	Q.III 2019	Q.III 2018
Net profit for the period	3,401	7,827	1,843	5,526
Other comprehensive income to be reclassified to the income statement in subsequent periods				
Revaluation gains (+)/losses (-) from available-for-sale financial assets	-	-	-	-
Income tax effects	-	-	-	-
Other comprehensive income after taxes	-	-	-	-
Total comprehensive income after taxes	3,401	7,827	1,843	5,526

Total comprehensive income after taxes is attributable to the owners of Lotto24 AG, Hamburg.

BALANCE SHEET

AS OF 30 SEPTEMBER AND 31 DECEMBER ACCORDING TO IFRS

in EUR thousand	30.09.2019	31.12.2018
ASSETS		
Current assets		
Cash and cash equivalents	10,918	8,072
Current financial assets	6,582	7,970
Trade receivables	287	379
Trade receivables (IC)	3,636	5
Other current assets	477	667
Current assets, total	21,900	17,093
Non-current assets		
Goodwill	18,850	18,850
Intangible assets	328	572
Property, plant and equipment	4,043	1,409
Deferred tax assets	13,313	12,464
Non-current assets, total	36,534	33,294
ASSETS	58,434	50,388
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	1,316	1,934
Trade payables (IC)	30	-
Current financial liabilities	11,061	11,435
Other current liabilities	902	573
Short-term provisions	6,558	2,382
Current liabilities, total	19,867	16,324
Non-current liabilities		
Non-current financial liabilities	2,840	148
Long-term provisions	-	1,505
Other non-current liabilities	-	85
Non-current liabilities, total	2,840	1,738
Equity		
Subscribed capital	24,155	24,155
Capital reserves	2,415	2,415
Retained earnings	9,157	5,756
Equity, total	35,727	32,326
EQUITY AND LIABILITIES	58,434	50,388

CASH FLOW STATEMENT

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Q. I-III 2019	Q. I-III 2018
Net profit before tax	2,678	2,059
Adjustments for:		
Amortisation/depreciation on non-current assets	1,151	880
Financial income/financial expenditure	99	105
Profit from the sale of fixed assets	39	-
Other non-cash expenses/income	85	-
Changes in:		
Trade receivables	97	-429
Trade receivables (IC)	-3,636	-
Current financial assets	1,388	-1,684
Other current assets	190	87
Trade payables	-618	-14
Trade payables (IC)	30	-
Current financial liabilities	-718	1,273
Other current liabilities	203	-110
Short-term provisions	4,176	-80
Non-current other liabilities	-85	69
Long-term provisions	-1,505	-314
Interest received	0	0
Interest paid	-99	-73
Cash flow from operating activities	3,475	1,770
Payments received (+)/disbursements (-) for financial instruments	-	-
Investments in intangible assets	-14	-149
Investments in property, plant and equipment	-195	-409
Net losses (-)/gains (+) from asset disposals	-	-
Cash flow from investing activities	-209	-559
Payments received (+) from taking out/disbursements for redeeming (-) financing loans	-144	-883
Payment for leases	-276	-
Cash flow from financing activities	-420	-883
Change in available funds	2,846	329
Available funds at the beginning of the period	8,072	8,271
Available funds at the end of the period	10,918	8,601
Composition of available funds at the end of the period	10,918	8,601
Cash	10,918	8,601

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Subscribed capital	Capital reserves	Other reserves	Retained earnings	Total equity
As at 1 January 2018	24,155	2,415	-	-1,941	24,629
Total comprehensive income	-	-	-	7,827	7,827
As at 30 September 2018	24,155	2,415	-	5,886	32,456
Total comprehensive income	-	-	-	-130	-130
As at 31 December 2018	24,155	2,415	-	5,756	32,326
As at 1 January 2019	24,155	2,415	-	5,756	32,326
Total comprehensive income	-	-	-	3,401	3,401
As at 30 September 2019	24,155	2,415	-	9,157	35,727

KEY FIGURES

in EUR thousand	Q. III 2019	Q. II 2019	Q. I 2019	Q. IV 2018	Q. III 2018
Billings	83,390	81,249	75,877	85,937	74,726
Remitted stakes (less revenues)	-73,855	-71,863	-67,261	-75,752	-66,064
Revenues	9,535	9,386	8,616	10,185	8,663
Other operating income	12	15	26	21	62
Total performance	9,547	9,401	8,642	10,206	8,725
Personnel expenses	-1,565	-2,202	-2,163	-2,705	-2,187
Impairment loss for financial assets	-175	-108	-180	-164	-122
Other operating expenses	-5,382	-5,534	-5,008	-6,532	-4,628
Result from operating activities before interest, taxes, depreciation and amortisation	2,425	1,557	1,292	805	1,788
Amortisation/depreciation on intangible assets	-354	-402	-395	-322	-287
Result from operating activities (EBIT) before one-off expenses	2,071	1,155	896	483	1,502
One-off expenses	-775	-570	-	-	-
Result from operating activities (EBIT)	1,296	585	896	483	1,502
Revenues from financial activities	0	-	0	-	-
Expenses from financial activities	-34	-32	-33	-13	-39
Financial result	-34	-32	-33	-13	-39
Net profit before taxes	1,262	553	863	470	1,462
Income taxes	581	28	114	-601	4,064
Net profit	1,843	581	977	-130	5,526
Breakdown of other operating expenses					
Marketing expenses	-2,603	-3,113	-2,330	-3,455	-2,317
Direct operating expenses	-681	-683	-632	-756	-739
Indirect operating expenses	-2,098	-1,738	-2,045	-2,320	-1,572
Other operating expenses	-5,382	-5,534	-5,008	-6,532	-4,628

FINANCIAL CALENDAR

26 March 2020	Annual Report 2019
14 May 2020	Quarterly statement as of 31 March 2020
16 June 2020	Annual General Meeting
13 August 2020	Half-yearly financial report as of 30 June 2020
12 November 2020	Quarterly statement as of 30 September 2020

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