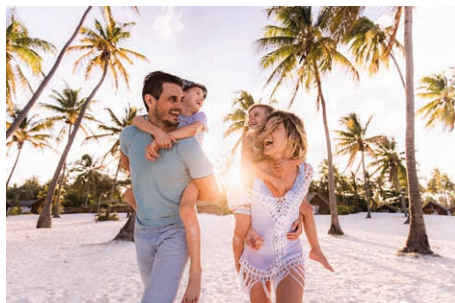


# DEFINING THE FUTURE OF LOTTERY



**1 JANUARY–  
30 JUNE 2023**

HALF-YEAR REPORT



**ZEAL**

**ZEAL Network SE** is the leading German online broker for state lotteries and other licensed lottery and gaming products. Our aim is to innovate and drive change in the lottery sector while further expanding our online market leadership.

#### OUR MISSION

## **To define the future of lottery!**

As a technology company, we constantly strive to enrich our offerings with new innovations. To achieve this, we leverage our many years of experience in the e-commerce sector, our lottery expertise and our knowledge of our customers' wishes, aims and gaming behaviour.

#### OUR GOAL

**We let people dream.**

**We make a contribution to society.**

Our work enables people to dream big. And with every lottery ticket sold, we are helping society by supporting good causes via our charity lotteries or via our customers playing the state-run lotteries.

## **Contents**

H1 2023 at a glance	3	Interim Consolidated Financial Statements	19
Business review	4	Notes to the Interim	
Interim Group Management Report	6	Consolidated Financial Statements	26

# H1 2023 AT A GLANCE

**€411.7m**

**BILLINGS**

(H1 2022: €358.3m) +15%

**349k**

**NEW REGISTERED CUSTOMERS**

Germany segment  
(H1 2022: 292k) +20%

**€54.8m**

**REVENUE**

(H1 2022: €49.4m) +11%

**1,121k**

**MAU (MONTHLY ACTIVE USERS)**

Germany segment  
(H1 2022: 1,025k) +9%

**12.5%**

**GROSS MARGIN**

Germany segment  
(H1 2022: 12.8%) -0.3pp

**€45.09**

**COST PER LEAD, CPL**

Germany segment  
(H1 2022 : €37.61) +20%

**€13.8m**

**EBITDA**

(H1 2022: €16.4m) -16%

## Even more chances to win: ZEAL launches online games



- Virtual slot games launched
- Customer acquisition accelerated
- Further strong business volume growth

*Definitions of the financial measurements and indicators disclosed above can be found in the 'Value-oriented Corporate Governance System' section of the Interim Group Management Report on page 8 of this Half-Year Report.*

# BUSINESS REVIEW

## DEAR SHAREHOLDERS,

ZEAL can look back on a successful first half-year 2023 with some highly promising business developments.

The jackpot level remained mostly low throughout the first six months of 2023. However, there were a number of high jackpot phases for both the 'LOTTO 6aus49' and 'Eurojackpot' lotteries, which we successfully utilised to attract new customers and further expand our business volume. The week of 19 June 2023 was particularly exciting, as the maximum 'Eurojackpot' amount of €120 million was reached for the first time this year and remained at this level for two consecutive draws (2022: maximum 'Eurojackpot' amount not reached once). During this high jackpot phase, we set a new record for billings in a single week of €30.6 million (almost €18 million of which from 'Eurojackpot'). We also reached the highest weekly billings generated by lottery clubs in our corporate history of €4.7 million during the same week. However, there were also positive jackpot phases and high winnings for our players in other lotteries – as reflected by our substantial revenue growth. We were particularly delighted for a 63-year-old LOTTO24 customer from Hamburg, who won the only maximum 'LOTTO 6aus49' jackpot of €45 million in the first half of 2023 (2022: maximum jackpot of €45 million reached four times). There was similar good news for a 49-year-old LOTTO24 customer in Bavaria who won the main prize of the 'freiheit+' charity lottery in May and will receive €5,000 per month for the next 15 years as well as a one-off payment of €250,000.

We successfully raised billings by 15% to €411.7 million<sup>1</sup> (2022: €358.3 million). This increase in billings resulted in revenue of €54.8 million, representing year-on-year growth of 11% (2022: €49.4 million). Due to the product mix, our gross margin of 12.5%<sup>2</sup> was 0.3 percentage points below the prior-year level (2022: 12.8%).

The high jackpot phase in June presented the ideal opportunity for a successful and value-enhancing expansion of our customer base. In line with our marketing strategy, we initiated intensive marketing measures during this period to accelerate customer acquisition. This led to a strong increase in new registered customers of 20% to 349 thousand in the first half of 2023 (2022: 292 thousand) and thus significantly boosted our future business growth. The general increase in media costs and more intensive online advertising by our competitors resulted in a higher cost per lead (CPL): it amounted to €45.09 in the first half of 2023 (2022: €37.61). This led to an increase in marketing expenses of 44% to €20.0 million (2022: €13.9 million). As a result, other operating expenses rose in total to €31.6 million (2022: €24.5 million). Due to vacancies that have not yet been filled, personnel expenses remained stable at €10.4 million (2022: €10.3 million). Owing to the strong increase in marketing expenses, EBITDA of €13.8 million was below the prior-year level (2022: €16.4 million). EBIT also decreased to €9.3 million (2022: €12.1 million), while net profit declined to €5.6 million (2022: €9.4 million).

We also used the first half of the year to prepare a major campaign for the second half of 2023, which will run in various media environments including TV. Our main aim here is to strengthen the LOTTO24 brand and inspire more people to play the lottery online. To this end, we conducted several tests, for example in the out-of-home environment and on YouTube, in order to fine tune the campaign and gauge the potential impact. This expansion of our current and already extremely successful 'marketing formula' is expected to generate even more growth going forward, with comparable efficiency over the medium term.

Our new 'Play with Friends' product was not only used to reach our loyal existing customers, but also to acquire new players. We successfully advertised this new feature by cooperating with the influencer Kürsat Yildirim – better known to the public as the multiple lottery winner 'Chico' – who invited his fans to join his Play-with-Friends groups on LOTTO24.

<sup>1</sup> For contractual reasons, the billings of our ONCE business in Spain are not included in this total.

<sup>2</sup> As the Spanish ONCE business is not included in billings but only in revenue, our margin trend is better reflected by the Germany segment than at Group level.

As the market leader for online lotteries, the topics of sustainability and social responsibility are deeply embedded in our business model. We are therefore particularly proud of our strong partnership with 'BildungsChancen gGmbH' and our joint charity lottery products 'freiheit+' and 'Die Deutsche Traumhauslotterie'. We are delighted to report that since the launch of our cooperation in 2020, we have now already generated more than €15 million for good causes together with 'Bildungs-Chancen gGmbH'. During this time, we have jointly supported more than 250 charitable projects.

We also had a highlight to offer our shareholders this year – after three years of virtual events due to the pandemic, we were finally able to go back holding our Annual General Meeting in the presence of our shareholders in Hamburg on 9 May 2023. With around 77% of the voting capital represented, the proposed resolutions on all agenda items were adopted with large majorities. In addition to the usual items, such as the ratification of the actions of the Management Board and the Supervisory Board, the approval of the Remuneration Report and the appointment of the auditors, the agenda included a resolution on the appropriation of the distributable profit and the election of Kenneth Chan to the Supervisory Board. In view of the positive earnings situation – and in order to further optimise the capital structure – the Management Board and the Supervisory Board had proposed a total dividend payout of €78.0 million from the distributable profit 2022 (2021: €47.0 million). This corresponds to a basic dividend of €1.00 per share for the fiscal year 2022 (2021: €1.00) and a special dividend of €2.60 per share (2021: €1.10), making a total dividend of €3.60 per share (2021: €2.10).

Probably the most significant highlight of the first six months was the long-awaited receipt of a licence to offer virtual slot machine games (online games) from Germany's national gaming regulator ('Gemeinsame Glücksspielbehörde der Länder' – GGL). After a long wait and intensive preparations, our subsidiary LOTTO24 AG has been permitted to offer online games on its portals (LOTTO24, Tipp24) since April 2023. We were already able to launch our offering with an initial portfolio in June. Our customers will continue to benefit from ZEAL's certified quality and proven security standards. We plan to steadily expand our range of games in the period up to the end of 2023. With the launch of our games offering, we have entered a new market segment and achieved an important milestone in the ongoing expansion of our business.

Our guidance for billings, revenue and EBITDA remains unchanged. In the fiscal year 2023, we still aim to extend our position as the leading online provider of lottery products and to launch new products, including further online games as described above. Assuming an average jackpot development, we continue to anticipate billings in the range of €800 million to €830 million for the Germany segment. Moreover, we still expect revenue to be in the range of €110 million to €120 million in the fiscal year 2023. EBITDA is expected to be in the range of €30 million to €35 million. Compared to the previous year, we plan to invest significantly more in the acquisition of new customers once again and expect marketing expenses of €34 million to €39 million.

Hamburg, 9 August 2023

The Management Board



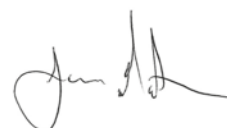
Helmut Becker  
Chief Executive Officer



Paul Dingwitz  
Chief Technology Officer



Sönke Martens  
Chief Marketing  
and Sales Officer



Jonas Mattsson  
Chief Financial Officer

# INTERIM GROUP MANAGEMENT REPORT

## Basic principles of the Company

### BUSINESS AND ECONOMIC CONDITIONS

#### ORGANISATIONAL STRUCTURE

ZEAL Network SE is a Societas Europaea (SE) with its registered office in Hamburg, Germany. For its evaluation of performance and allocation of resources, the Management Board uses the following segments: Germany and Other.

#### Germany segment

The Germany segment comprises the Group's domestic business activities: online lottery brokerage, the organisation of charity lotteries and the offering of virtual slot machine games ('online games'). Its cost base includes direct operational costs as well as the Group's shared costs.

#### Other segment

The Other segment comprises the remaining elements of our business, including our online lottery operation for the national organisation for the blind in Spain (ONCE) and our investments in start-ups under ZEAL Ventures.

#### COMPELLING BUSINESS MODEL

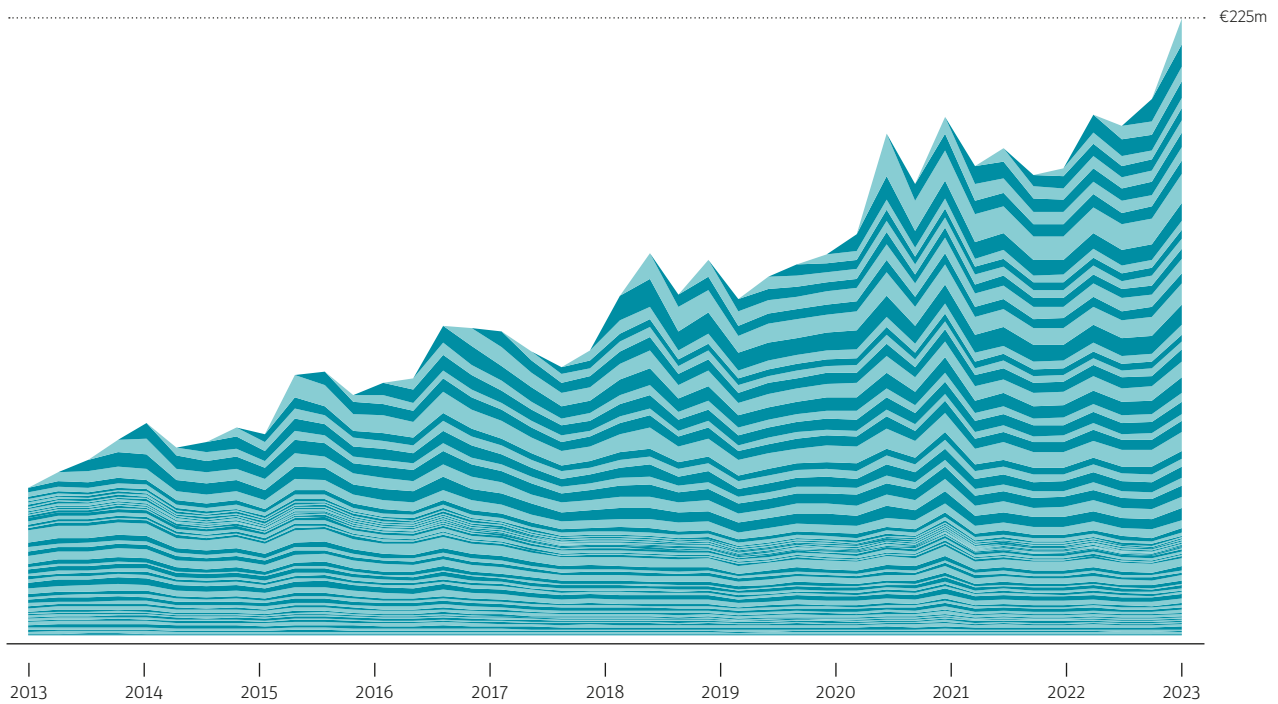
In our largest segment, the Germany segment, we broker lottery products via the Internet (lotto24.de, tipp24.de) and receive brokerage commissions from the lottery operators, as well as additional/service fees that we charge. We can therefore generate income without having to assume ourselves the book-making risk for the products of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock' – DLTB). Amongst other things, we offer our customers the possibility to participate in the lottery products 'LOTTO 6aus49', 'Spiel 77', 'Super 6', 'Eurojackpot', 'GlücksSpirale', 'Keno', lottery clubs, instant lotteries and 'Deutsche Fernsehlotterie', which are all well positioned on the market. On behalf of, and in the name of, our customers, we enter into gaming agreements with the respective lottery operator. In addition, we enable our customers to participate in two charity lotteries for the promotion of educational projects, which we offer together with BildungsChancen gGmbH:

- 'freiheit+' under the Tipp24 brand since March 2020 and also under the LOTTO24 brand since November 2020.
- 'Die Deutsche Traumhauslotterie', launched in January 2022.

As of June 2023, we also offer online games on our portals (LOTTO24, Tipp24).

One of the sector-specific success factors of our business model is the loyalty of our customers: once gained, our active customers generally provide us with stable billings over the long term.

### Billings per customer generation (LOTTO24 and TIPP24, quarterly)



#### STRATEGY

Our strategic targets are:

- Continue to scale our business model in Germany and further expand our strong market position.
- Establish new lotteries and games.
- Continue to develop our Spanish business via customer growth and an expanded partnership portfolio.
- Identify gaming and lottery innovations in order to gain relevant market knowledge and test new product ideas, thus enabling us to tap further target groups.

As a digital company, we feel well equipped to meet these challenges thanks to the close collaboration of key functions such as Marketing, Product Development, Technology, Design, Compliance, Data Analytics and Customer Service.

#### VALUE-ORIENTED CORPORATE GOVERNANCE

##### Management and control

Helmut Becker chairs the Management Board and is responsible for Corporate Strategy, Strategic Product Development, External Communications, Legal Affairs and Compliance, Organisation and Venture Investments.

Paul Dingwitz is responsible for Technology, Software Development, Cyber Security, IT Risk Management, HR and Corporate Culture.

Sönke Martens is responsible for B2C Sales, Lottery Brokerage, Marketing, Brand Management, Data and Analytics, Customer Service, Facility Management and the management of business activities in Spain.

Jonas Mattsson is responsible for Finance, Accounts, Taxes, Controlling, Risk Management, Investor Relations, Treasury, Bank Relations and Auditing.

### Key financial performance indicators

The key financial performance indicators which we use to steer the Group and whose values we aim to improve are:

- **Billings:** payments received from customers to participate in the games we offer. These also include reinvested winnings. Billings are influenced by the scope and attractiveness of our product portfolio as well as by the efficiency of our customer retention measures.
- **Revenue:**
  - Commission from the state lottery companies and other organisers for the stakes brokered by us and processing fees for gaming orders placed by our customers.
  - Additional/service fees that we charge for brokered gaming orders.
  - Stakes for online games after deduction of virtual slots tax and distributed winnings.
  - Fees for the running of charity lotteries.
  - Fees for other services.
- **EBITDA:** earnings before the financial result, interest, taxes, depreciation and amortisation. It represents the Group's operating earnings over a specified period of time.

### Other financial performance indicators

We also report the following other financial performance indicators:

- **Gross margin:** ratio of revenue (excluding intercompany cost allocation) plus reimbursements from insurance to compensate for jackpot winnings to billings.
- **CPL (cost per lead):** acquisition costs per new registered customer which we use to monitor the efficiency of our marketing efforts (the number of new registered customers is defined as part of the key non-financial performance indicators). These acquisition costs do not include costs for brand marketing, marketing exploration measures, customer relationship management (CRM), customer service etc.
- **ABPU (average billings per user per month):** key figure for average billings per customer, in other words the average net billings (billings net of discount and redeemed vouchers) received from each active customer in a given month. It is calculated by dividing monthly net billings by monthly average active users and measures our ability to increase the loyalty and value of our customers.

### Key non-financial performance indicators

In addition to our key financial performance indicators, we also use certain non-financial KPIs to help steer the business:

- **The number of new registered customers:** customers who have successfully completed the registration process on our apps and websites. This number is disclosed after adjustment for duplicate registrations and de-registrations.
- **MAU (monthly average active users):** key figure for the average number of active users per month, in other words the number of customers who have either purchased a ticket or participated in a draw in a given month (including free bets); this figure provides a measure of our ability to retain and attract new customers.

## EMPLOYEES

The number of employees (FTEs, excluding students and temporary staff) increased from 162 at 30 June 2022 to 167 at 30 June 2023.

## RESEARCH & DEVELOPMENT

We already started a comprehensive renewal of our data warehouse infrastructure in 2022. This project, which we successfully completed in the first half of 2023, was an important milestone for our Company. By investing in a powerful data warehouse, we have laid a solid foundation for the strengthening of customer loyalty with extended personalisation.

Based on our ambition to deliver exceptional customer experiences, availability has become a key focus for us in 2023. In order to ensure that our web shop is almost permanently available to our customers, we have started to develop resilience concepts for our technical infrastructure in order to improve error tolerance. The initiative was launched in the first half of the year and aims to ensure a seamless shopping experience.

In line with our vision of innovation and effective collaboration, we have also prioritised the improvement of our API<sup>1</sup> architecture. With the introduction of new API policies and processes, we aim to streamline our development practices in order to accelerate the implementation of new business ideas. Moreover, these improvements will enable us to collaborate more efficiently with external service providers and partners, thus enabling more effective partnerships and seamless integration.

<sup>1</sup> API: application programming interface.



An important milestone in our technological development is the completion of our fully service-oriented architecture. This achievement enables us to replace a significant part of our development workloads with modern backend services. This not only minimises the infrastructure resources required, but also increases the autonomy of our development teams. The change will make us more agile and adaptable, while at the same time paving the way for further innovation and growth.

In the field of product development, the main focus in the first half of 2023 was on the implementation of the new 'online games' product category within our existing e-commerce solution. This included both the detailed implementation of compliance requirements and the seamless integration of the category into the customer experience. In addition, we were able to significantly simplify the registration process for new customers, resulting in better conversion rates and higher customer retention. The main improvement with regard to the customer experience was the development of customisable gaming groups ('Play with Friends'), which create a sense of community for our customers and promote a shared experience.

These strategic initiatives and investments ensure that we can meet current and future customer needs. We remain committed to delivering exceptional products and services while at the same time improving our operational performance through continuous improvement and innovation.

## Economic report

### REGULATORY CONDITIONS

#### STATE TREATY ON GAMES OF CHANCE

In Germany, the offering of lotteries via the Internet is regulated by the German State Treaty on Games of Chance ('Glücksspielstaatsvertrag' – GlüStV). The current GlüStV came into force on 1 July 2021. It enables the ZEAL Group – as in the previous years – to broker state-licensed lottery products via the Internet. Our subsidiary LOTTO24 AG holds the corresponding licence. The GlüStV has no expiry date and can be terminated by individual federal states no sooner than 31 December 2028. The states have agreed to regularly evaluate the impact of the current GlüStV. Two evaluations are to be presented in the form of interim reports by 31 December 2023 and 31 December 2026. In contrast to the previous State Treaty, the GlüStV includes new licence models for online games, sports betting (online and offline) and online poker, as well as a license model for online casinos. This followed several months of political debate on the degree of market opening, especially for online games and online casinos. In order to supervise gambling products, the German federal states have set up a new national institution under public law: the 'Gemeinsame Glücksspielbehörde der Länder' – GGL), based in Halle (Saxony-Anhalt). All powers of the various federal state authorities have been gradually transferred to the GGL and it has been responsible for central market regulation since 1 January 2023.

#### LICENCES TO BROKER AND ORGANISE GAMES OF CHANCE

On 23 May 2022, LOTTO24 AG once again received an extension licence to broker lotteries throughout Germany for the period 1 July 2022 to 30 June 2029. LOTTO24 AG has thus consistently held the necessary licences for lottery brokerage in Germany since 2012 – proving once again its reliability under administrative law, required since 2012.

Since 2018, LOTTO24 AG has also held a licence for the online brokerage of state-operated instant lotteries (scratch cards) in the federal states of Lower Saxony, Saxony, Hesse and North Rhine-Westphalia. As a result, more than 50% of the adult German population have since had access to scratch cards on the Internet.

In addition, LOTTO24 AG has a licence for the nationwide brokerage of the charity lotteries 'Deutsche Fernsehlotterie', 'freiheit+' and 'Die Deutsche Traumhauslotterie', as well as for the brokerage of 'Deutsche Sportlotterie' in the state of Hesse.

On 3 April 2023, the GGL granted LOTTO24 AG the licence to operate virtual slot machine games (so-called online games). It was granted after a disproportionately long approval process that had dragged on largely for political reasons following submission of the application in July 2021. LOTTO24 launched its online games offering for the German market on 22 June 2023.

#### **LEGAL DISPUTES AND REGULATORY PROCEEDINGS**

ZEAL Group entities are parties in various legal proceedings in connection with different aspects of gambling and tax law. LOTTO24 AG has initiated various court proceedings to review the legality of what it considers to be indeterminate and disproportionate restrictions of the licences. We have challenged parts of the brokerage licence granted to LOTTO24 AG on 23 May 2022 as well as the licence to operate online games granted on 3 April 2023 in order to review the legality of the restrictions. The proceedings against the unlawful fees set for the issuance of the brokerage licence have both been concluded in our favour. The fees were reduced by half and will be set accordingly at only half the rate by the supervisory authority in the future.

After the German Federal Fiscal Court ('Bundesfinanzhof') dismissed the appeal of the Hannover tax authority regarding the assessment of VAT on secondary lottery revenue of myLotto24 Limited up to 2019 with final effect on 3 August 2022, the tax authority reimbursed the prepayment made by myLotto24 Limited in fiscal year 2020 of around €54 million and the associated interest of around €2 million in early 2023. The reimbursement had no impact on ZEAL's income statement, as the corresponding receivable was already recognised in other assets.

myLotto24 Limited and Tipp24 Services Ltd are parties in tax proceedings in Austria. myLotto24 Limited and Tipp24 Services Ltd are appealing against assessments on the levying of gaming taxes on stakes in connection with secondary lottery services provided until 2019. In our opinion, the Austrian tax authorities are applying an unlawful basis for assessment. We assume that the assessment of gambling duties will be corrected by the court in such a way that only the stakes of participants resident in Austria will be taxed. This corresponds to applicable law in Austria, which is based on participation from within the country and taxes this with a gambling duty of 40%. Based on our detailed analysis of the disputed matter and the assessment of our advisors in the proceedings, we assume that our appeal has an overwhelming chance of success. In this case, we anticipate a fixed gambling duty, suspension interest and costs for external consultants totalling €2.4 million.

As reported in note 29 to the 2022 Consolidated Financial Statements, there is uncertainty as to the appropriateness of the UK exit tax paid in connection with the relocation of the Company's registered office from London to Hamburg in October 2019. The assessment of the residual risk of payment continues to amount to €2.7 million. The Management Board is still of the opinion that payment is unlikely.

In accordance with IFRIC 23, disputed tax positions are recognised at the amount of the most probable cash outflow. We have therefore recognised a provision of €2.4 million as of 30 June 2023 for the tax proceedings relating to the Austrian gambling duty.

## ECONOMIC CONDITIONS

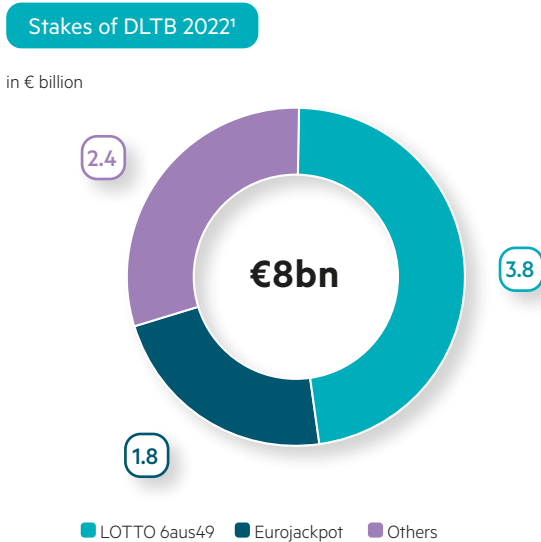
### LOTTO24 AND TIPP24 HOLD STRONG POSITIONS IN GERMAN ONLINE LOTTERY MARKET

According to information of DLTB<sup>1</sup> for 2022, stakes received for its products totalled €8.0 billion (2021: €7.9 billion). With stakes of €3.84 billion, the lottery 'LOTTO 6aus49' is Germany's most popular lottery with almost 50% of total stakes (2021: €4.0 billion). The European lottery 'Eurojackpot' is the second most popular lottery product with stakes in Germany of €1.76 billion (2021: €1.4 billion). Other DLTB products include 'Spiel 77', 'Sofortlotterien', 'Super 6', 'GlücksSpirale', 'Oddset', 'Keno', 'Bingo', 'Genau', 'Toto', 'Plus 5', 'Sieger Chance' and 'Deutsche Sportlotterie'.

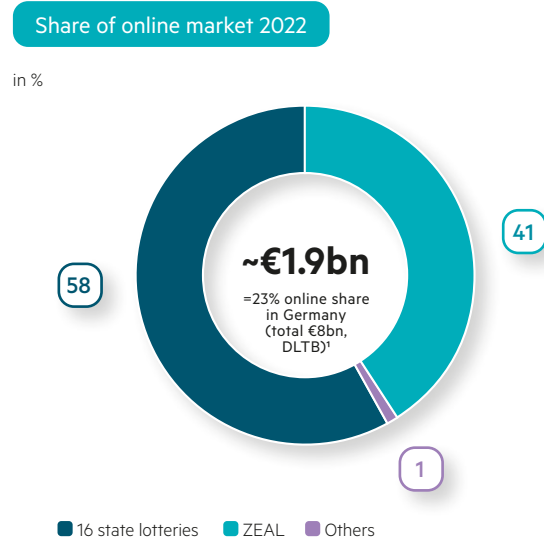
According to figures of DLTB and the German Lottery Association ('Deutscher Lottoverband', DLV), online revenue of state lottery companies and licensed private brokers has been steadily rising: starting at €35 million in 2012, revenue reached around €1,870 million<sup>2</sup> in 2022 (2021: €1,663 million). This corresponds to an online share of total German lottery stakes of 23% in 2022 (2021: 21%). Our LOTTO24 and tipp24 brands accounted for 40.5% of this amount (2021: 39.4%).

<sup>1</sup>Source: press release of Toto-Lotto Niedersachsen GmbH from 4 January 2023: 'DLTB zieht positive Bilanz für 2022'.

<sup>2</sup>Source: figures of DLTB 2022 and own estimates.



<sup>1</sup> Source: Information of the German Association of State Lottery Companies (Deutscher Lotto- und Totoblock, DLTB) 2022



<sup>1</sup> Source: Information of the German Association of State Lottery Companies (Deutscher Lotto- und Totoblock, DLTB) 2022 and own estimates

## HUGE POTENTIAL OF ONLINE SEGMENT

Around 69.4 million adults live in Germany<sup>1</sup>, of whom 27.9 million play lotto occasionally or regularly<sup>2</sup>. This corresponds to almost 40% of all adult Germans. According to our latest survey of 13,296 internet users in November 2022, 39% of respondents had played lotto in the last six months. It is interesting to note that more than 52% of the offline lottery players surveyed can imagine playing lotto online in future. Translated to 27.9 million lotto players, this represents at least 14.5 million potential online lotto players. Based on the total volume of the German lottery market (DLTB products plus class and charity lotteries) of around €9.0 billion<sup>3</sup> (of which around €7.1 billion offline), this corresponds to potential total online lottery revenue of €5.6 billion (€3.7 billion more than the current online lottery market volume of €1.9 billion).

<sup>1</sup> Source: Statistisches Bundesamt © Statista 2022, 'Bevölkerung – Zahl der Einwohner in Deutschland nach relevanten Altersgruppen am 31. Dezember 2021 (in Millionen)'.  
<sup>2</sup> Source: IfD Allensbach © Statista 2022, 'Anzahl der Personen in Deutschland, die Lotto oder Toto spielen, nach Häufigkeit von 2018 bis 2022 (in Millionen)'.  
<sup>3</sup> Source: figures of DLTB 2022 and the organisers of charity lotteries 2021/2022

Even though the German online lottery market has not yet reached the level of other European countries or comparable industries in the e-commerce sector, the development of recent years indicates a consistent upward trend – Germany is catching up. We believe that this growth is likely to continue in the coming years. This opinion is supported in particular by the following factors:

- Compared with foreign online lottery markets, which were less strictly regulated in the past, we expect above-average growth for Germany in the medium term.
- The online share of the lottery market in countries with an online affinity such as Norway (59%), the UK (42%) and Italy (41%) is much higher than in Germany (23%).
- The growing importance of e-commerce as a sales channel and mobile offerings are also strengthening this trend: in the first half of 2022, the proportion of music sold online in Germany was already 80%<sup>2</sup>. In 2022, half the German population used the Internet for banking<sup>3</sup> and 66% of trips were sold online in 2021.<sup>4</sup>

<sup>1</sup> Source: La Fleur's 2022 European Lottery Abstract (based on figures for 2020-2021).

<sup>2</sup> Source: BVMI Half-Year Report 2022.

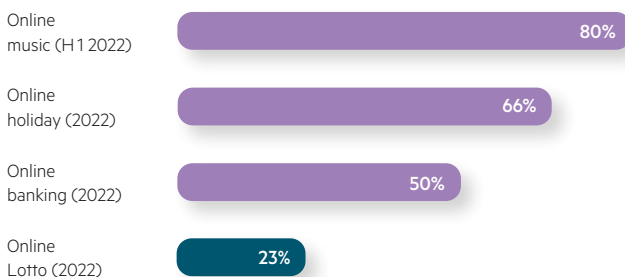
<sup>3</sup> Source: Eurostat © Statista 2023, 'Anteil der Bevölkerung in Deutschland, die das Internet für Online-Banking nutzen, in den Jahren 2006 bis 2022'.

<sup>4</sup> Source: vir, 'Daten & Fakten zum Online-Reisemarkt 2022'.

Based on the medium to long-term assumption of an online share of 50% of the total German lottery market (DLTB plus charity lotteries, GKL and other regulated lotteries) of €9.0 billion<sup>1</sup>, this would also result in an online lottery market potential of €4.5 billion. As our objective is to further expand our own market share to 50%, our long-term billings potential would therefore lie beyond the €2 billion mark.

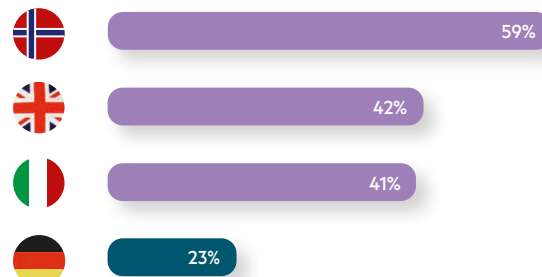
<sup>1</sup> Source: Figures of DLTB 2022 and the organisers of charity lotteries 2021/2022.

### Online market shares Germany<sup>1</sup>



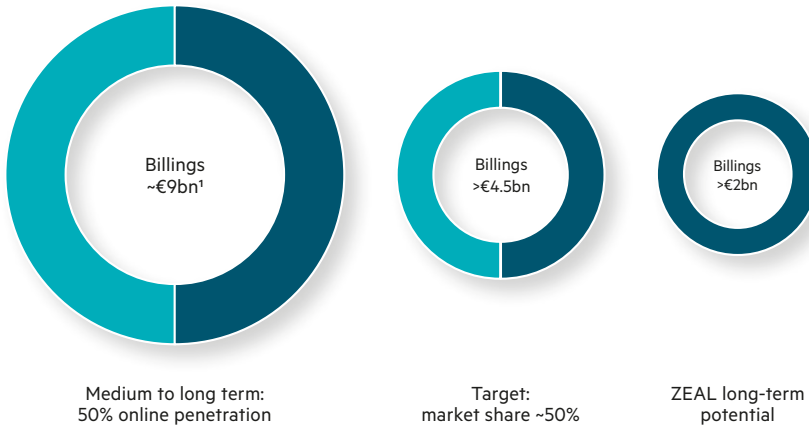
<sup>1</sup> Source: Eurostat © Statista 2023, 'Anteil der Bevölkerung in Deutschland, die das Internet für Online-Banking nutzen, in den Jahren 2006 bis 2022'

### Online penetration<sup>1</sup>



<sup>1</sup> Source: La Fleur's 2022 European Lottery Abstract (based on figures for 2020-2021)

## Our vision



<sup>1</sup> Source: Figures of DLTB 2022 and the organisers of charity lotteries 2021/2022.

### ADVERTISING AND COMPETITION

Our success is largely determined by the scope and effectiveness of our marketing measures – especially new customer acquisition. In addition to the regulatory conditions, our key performance indicators (KPIs) are also influenced by the number of competitors aggressively advertising their online lottery services. Our main competitors are the state lottery companies, with their joint platform lotto.de, and foreign secondary lottery companies which are not licensed to operate in Germany.

According to information of the relevant authority (GGL), eleven private commercial gaming brokers had valid brokerage licences at the end of the reporting period – in addition to the state-owned companies. However, the advertising activities of our private competitors with licences in Germany were once again very modest in the first half of 2023. In the online games business, there are 39<sup>1</sup> other competitors with licences from the GGL.

The advertising pressure from secondary lottery providers with no German licence has declined. This is due to both a stricter approach by the relevant regulatory authorities and competition law proceedings brought by certain state lottery companies.

<sup>1</sup> According to the joint official list (so-called 'whitelist') of GGL of 26 July 2023.

**HIGH JACKPOT PHASES IN JANUARY, MARCH AND JUNE 2023**

Jackpots are a major driver of our billings volume and in particular provide a decisive opportunity to attract new customers. When potential players have greater expectations of exceptional winnings – mainly during periods with large jackpots – we expect particularly strong increases in the activity rate and above all in the number of registered customers.

In general, the number of maximum jackpots in the first half of 2023 was below the statistically<sup>1</sup> expected average. However, there were a number of high jackpot phases for both the 'LOTTO 6 aus49' and 'Eurojackpot' lotteries which we were able to successfully utilise. The maximum jackpot of €45 million was reached once in the

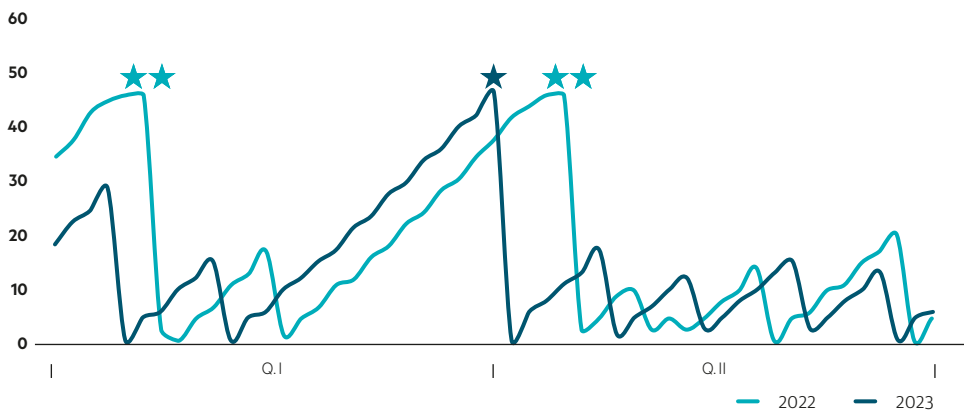
first half of 2023 in the case of 'LOTTO 6aus49', but there were no mandatory payouts (2022: four draws with maximum jackpot, two of which mandatory payouts). We were delighted that the €45 million jackpot in the first April draw was won by a LOTTO24 player. In January, the 'Eurojackpot' reached €104 million – the actual sum, also won by a LOTTO24 player, was €107 million – but then remained at a much lower level until June. It was not until the week of 19 June that the maximum jackpot of €120 million was reached for the first time this year and remained at this level for two consecutive draws (2022: maximum jackpot amount not reached once).

<sup>1</sup> Based on a Monte Carlo experiment simulating 10,000 years of 'LOTTO 6aus49' and 'Eurojackpot' draws.

**Jackpot development LOTTO 6aus49 and Eurojackpot**

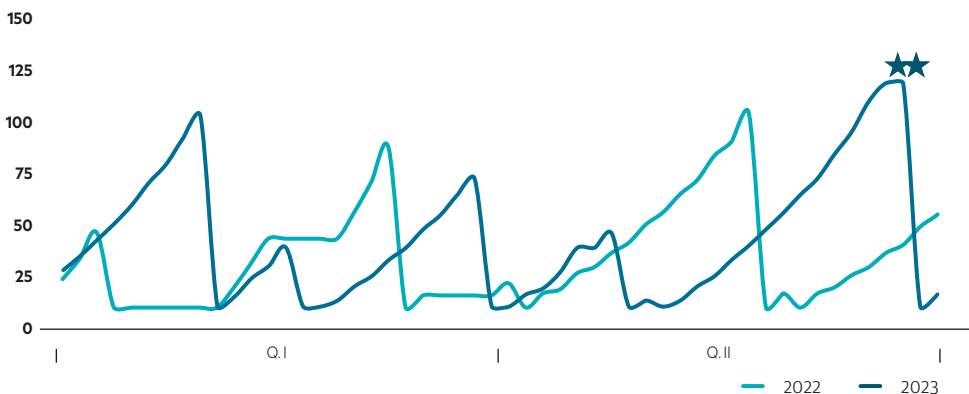
**LOTTO 6aus49**

in € million



**Eurojackpot**

in € million



## Results of operations and financial position

Summary of financial results	H 1 2023	H 1 2022	Change in %
in € thousand			
Revenue	54,829	49,376	11%
Other operating income	855	1,824	-53%
Personnel expenses	-10,371	-10,280	-1%
Other operating expenses	-31,609	-24,492	29%
Marketing expenses	-20,021	-13,941	44%
Direct operating expenses	-5,410	-4,981	9%
Indirect operating expenses	-6,178	-5,570	11%
Exchange rate differences	58	19	200%
<b>EBITDA</b>	<b>13,763</b>	<b>16,447</b>	<b>-16%</b>
Amortisation and depreciation	-4,421	-4,302	3%
<b>EBIT</b>	<b>9,342</b>	<b>12,145</b>	<b>-23%</b>
<b>Other financial KPIs and other indicators</b>			
Billings (€ thousand)	411,676	358,320	15%
Gross margin (%), Germany segment	12.5	12.8	-0.3 %-points
Number of new registered customers (thousand), Germany segment	349	292	20%
CPL (€), Germany segment	45.09	37.61	20%
MAU (thousand), Germany segment	1,121	1,025	9%
ABPU (€), Germany segment	61.21	58.25	5%

### REVENUE

In the first six months of 2023, revenue rose by 11% (€5,454 thousand). This trend was attributable to the strong growth of our billings (by 15%).

### PERSONNEL EXPENSES

In the first half of 2023, personnel expenses remained stable at €10,371 thousand (2022: €10,280 thousand). The average number of employees (FTEs, excluding students and temporary staff) rose year on year from 158 to 168, although we were still unable to fill all vacancies.

### OTHER OPERATING EXPENSES

In the first six months of 2023, other operating expenses rose by 29% (€7,116 thousand):

- **Marketing expenses** increased by 44% (€6,080 thousand). This development was in line with our strategy of stepping up marketing activities during high jackpot phases in particular, such as in June.
- **Direct operating expenses** rose by 9% (€428 thousand). Due to savings in age verification and lottery clubs, this increase is below that of billings (15%).
- **Indirect operating expenses** were up by 11% (€608 thousand), mainly due to an increase in costs for external services in connection with the technical implementation of various strategic projects for our client ONCE in Spain (€271 thousand), as well as for travel, training and entertaining costs (€171 thousand). In addition, we have formed a provision of €134 thousand for tax proceedings regarding the Austrian gambling duty in order to take account of increased interest rates for payment suspension. By contrast, we saved €166 thousand in insurance premiums for our charity lotteries.

## EBITDA

In the first half of 2023, our EBITDA fell by 16% (€2,684 thousand) mainly as a result of the strong increase in marketing expenses.

## AMORTISATION AND DEPRECIATION

Amortisation and depreciation rose slightly by 3% (€119 thousand) in the first half of 2023. This amount predominantly relates to the scheduled amortisation of the LOTTO24 customer list acquired in 2019 as part of the takeover (€3,683 thousand per year).

## KEY PERFORMANCE INDICATORS

Billings of our online brokerage business grew strongly by 15% (€53,356 thousand) in the first half of 2023. This growth was attributable to the continued expansion of our customer base and the successful exploitation of the high jackpot phase for the 'Euro-jackpot' in June. Due to a slightly detrimental change in the product mix, our gross margin of 12.5% was 0.3 percentage points below the prior-year figure (2022: 12.8%). Thanks to our strong growth, however, we were still able to raise revenue by 11%.

## CASH FLOW

	H1 2023	H1 2022
in € thousand		
Main cash flows		
Cash inflow from operating activities	11,562	14,197
Cash inflow from investing activities	55,974	-495
Cash outflow from financing activities	-81,101	-2,496
Other changes in available funds	31	-1
<b>Total change in available funds</b>	<b>-13,533</b>	<b>11,207</b>
Available funds at the beginning of the period	61,209	90,100
Available funds at the end of the period	47,676	101,306

In the first six months of 2023, cash, cash equivalents and pledged cash decreased by €13,533 thousand to €47,676 thousand (2022: increase of €11,207 thousand).

The net cash inflow from operating activities in the first half of 2023 amounted to €11,562 thousand (2022: €14,197 thousand) and resulted mainly from EBITDA of €13,763 thousand.

With the aid of intensive marketing activities, we succeeded in gaining 349 thousand new registered customers – 20% more in total than in the previous year. However, we had to accept increased acquisition costs as the increase in media costs continued across the sector. Prices were also driven by more intensive online advertising by our competitors. As a result, CPL rose to €45.09 (2022: €37.61). The average number of active users per month (MAU) and average monthly billings per user (ABPU) in the Germany segment also rose to 1,121 and €61.21, respectively, in the first half of 2023 (2022: 1,025 thousand and €58.25).

There was a net cash inflow from investing activities of €55,974 thousand in the first six months of 2023 (2022: outflow of €495 thousand). This inflow is primarily due to the refund of the advance payment for VAT made in 2020 from the Hannover-Nord tax authority. In line with the classification of the original advance payment within the 2020 cash flow statement, the refund in the first half of 2023 was also disclosed as a cash inflow from investing activities. Including interest, the total reimbursement amounted to €56,344 thousand.



The net cash outflow from financing activities in the first half of 2023 amounted to €81,101 thousand (2022: €2,496 thousand). This outflow mainly relates to dividend payouts of €79,374 thousand (€77,966 thousand of which by ZEAL Network SE and €1,408 thousand by LOTTO24 AG to minority interests). In the previous year, the dividend of ZEAL Network SE amounting to €46,971 thousand was not paid out until 4 July.

## ASSET POSITION

	30 June 2023	31 December 2022
in € thousand		
Total non-current assets	314,084	320,197
Total current assets	73,665	139,538
<b>Total assets</b>	<b>387,749</b>	<b>459,736</b>

Total non-current assets decreased by €6,114 thousand from €320,197 thousand at 31 December 2022 to €314,084 thousand at 30 June 2023. This was mainly due to scheduled amortisation of the customer list amounting to €3,683 thousand and the utilisation of deferred tax assets amounting to €2,610 thousand.

Total current assets declined by €65,873 thousand from €139,538 thousand at 31 December 2022 to €73,665 thousand at 30 June 2023. This development was primarily attributable to the fall in other financial assets following the reimbursement from the Hannover-Nord tax authority of €56,344 thousand as well as the decrease in cash and cash equivalents of €13,533 thousand explained above.

## EQUITY AND LIABILITIES

	30 June 2023	31 December 2022
in € thousand		
Total non-current liabilities	76,393	81,137
Total current liabilities	50,539	44,562
Total equity	260,817	334,037
<b>Total equity and liabilities</b>	<b>387,749</b>	<b>459,736</b>

Total non-current liabilities decreased by €4,744 thousand from €81,137 thousand at 31 December 2022 to €76,393 thousand at 30 June 2023. This decrease results from the scheduled reclassification of part of the bank loan amounting to €3,588 thousand from non-current to current liabilities, as well as from the utilisation of deferred tax liabilities of €1,073 thousand.

As at 30 June 2023, equity declined by €73,220 thousand from €334,037 thousand at 31 December 2022 to €260,817 thousand. This change was primarily driven by the dividend payments of €79,374 thousand, which were opposed by the net profit of €5,586 thousand.

Total current liabilities rose by €5,977 thousand from €44,562 thousand at 31 December 2022 to €50,539 thousand at 30 June 2023. This increase is mainly attributable to very high marketing expenses in June 2023, which raised trade payables by €4,040 thousand.

Report on expected developments  
and associated material opportunities  
and risks

## OPPORTUNITIES AND RISKS

We reported extensively on the expected development with its main opportunities and risks in the Group Management Report 2022. There were no significant changes in opportunities and risks in the period up to 30 June 2023.

## FORECAST REPORT

### EXPECTED EARNINGS POSITION

For the fiscal year 2023, we still plan to extend our market leadership as an online provider of lottery products and to launch new products, including further online games. Assuming an average jackpot development, we continue to anticipate billings in the range of €800 million to €830 million for the Germany segment. Moreover, we still expect revenue to be in the range of €110 million to €120 million in the fiscal year 2023. EBITDA is expected to be in the range of €30 million to €35 million. Compared to the previous year, we plan to invest significantly more in the acquisition of new customers again and expect marketing expenses of €34 million to €39 million.

	2023	2022
in € million	Guidance	Actual
Billings (Germany segment)	800–830	758.4
Revenue (including reimbursements from jackpot insurance)	110–120	105.2
EBITDA <sup>1</sup>	30–35	31.7

<sup>1</sup> Earnings before financial result, taxes, depreciation and amortisation.

## OVERALL STATEMENT ON THE EXPECTED DEVELOPMENT OF ZEAL NETWORK SE

We have many years of sector and management experience, an attractive range of products and services, and are well positioned as market leader in the growing online lottery market. We believe we are well prepared for the future and are confident that we can not only consolidate and extend our lead as Germany's leading online provider of lottery products but also benefit from the huge potential of the online lottery segment. With our extensive experience in the gaming sector, we are also well positioned to achieve fast growth in our online games business.

Hamburg, 9 August 2023

The Management Board

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Interim Consolidated Income Statement

	H1 2023	H1 2022	Q2 2023	Q2 2022
in € thousand				
Revenue	54,829	49,376	28,130	24,261
Other operating income	855	1,824	655	1,553
Personnel expenses	-10,371	-10,280	-5,292	-6,164
Other operating expenses	-31,609	-24,492	-19,093	-12,137
Marketing expenses	-20,021	-13,941	-13,020	-6,657
Direct operating expenses	-5,410	-4,981	-2,679	-2,502
Indirect operating expenses	-6,178	-5,570	-3,394	-2,978
Exchange rate differences	58	19	42	3
<b>EBITDA<sup>1</sup></b>	<b>13,763</b>	<b>16,447</b>	<b>4,443</b>	<b>7,516</b>
Amortisation/depreciation on intangible assets and property, plant and equipment	-4,141	-3,903	-2,082	-1,951
Depreciation of right-of-use assets	-280	-399	-145	-211
<b>Result from operating activities (EBIT)</b>	<b>9,342</b>	<b>12,145</b>	<b>2,216</b>	<b>5,354</b>
Income from financial activities	203	952	137	766
Expenses from financial activities	-800	-383	-428	-224
Gain/loss on financial assets	16	-370	3	-185
<b>Financial result</b>	<b>-580</b>	<b>199</b>	<b>-288</b>	<b>357</b>
Share of loss from associates	-0	-97	38	-54
<b>Net profit before taxes</b>	<b>8,762</b>	<b>12,247</b>	<b>1,967</b>	<b>5,657</b>
Income taxes	-3,176	-2,815	-755	-1,232
<b>Net profit</b>	<b>5,586</b>	<b>9,432</b>	<b>1,212</b>	<b>4,426</b>
Attributable to:				
Shareholders of the parent company	5,272	9,067	1,127	4,255
Non-controlling interest	314	364	85	169
<b>Earnings per share for profit attributable to shareholders of the parent company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Basic and diluted earnings per share (in €/share)	0.24	0.41	0.05	0.19

<sup>1</sup> Results from operating activities before share of loss from associates, financial result, taxes, depreciation/amortisation of intangible assets, property, plant and equipment and right-of-use assets.

## Interim Consolidated Statement of Comprehensive Income

	H1 2023	H1 2022	Q2 2023	Q2 2022
in € thousand				
<b>Net profit</b>	5,586	9,432	1,212	4,426
<b>Other comprehensive income</b>				
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	418	758	650	503
<b>Other comprehensive income (after taxes)</b>	<b>418</b>	<b>758</b>	<b>650</b>	<b>503</b>
<b>Total comprehensive income (after taxes)</b>	<b>6,004</b>	<b>10,190</b>	<b>1,862</b>	<b>4,928</b>
Attributable to:				
Shareholders of the parent company	5,690	9,825	1,777	4,759
Non-controlling interest	314	364	85	169

## Interim Consolidated Statement of Financial Position

	<b>30 June 2023</b>	31 December 2022
<b>ASSETS</b> in € thousand		
<b>Non-current assets</b>		
Property, plant and equipment	1,230	1,155
Right of use assets	2,526	2,661
Goodwill	158,585	158,585
Intangible assets	124,409	128,350
Deferred tax assets	4,338	6,948
Interest-bearing bond	5,000	5,000
Other investments	15,843	15,424
Shares in associated companies	1,302	675
Receivables from finance lease	850	1,399
<b>Total non-current assets</b>	<b>314,084</b>	<b>320,197</b>
<b>Current assets</b>		
Income tax receivables	118	118
Trade receivables	2,319	1,433
Receivables from finance lease	1,062	894
Prepaid expenses	2,034	1,454
Other financial assets	19,857	17,694
Other assets	599	56,736
Cash and cash equivalents	47,676	61,209
<b>Total current assets</b>	<b>73,665</b>	<b>139,538</b>
<b>ASSETS</b>	<b>387,749</b>	<b>459,736</b>

	<b>30 June 2023</b>	31 December 2022
<b>EQUITY &amp; LIABILITIES</b> in € thousand		
<b>Non-current liabilities</b>		
Deferred tax liabilities	45,241	46,314
Interest-bearing loans	19,350	22,938
Other financial liabilities	4,802	4,272
Provisions	4,007	3,983
Lease liabilities	2,993	3,630
<b>Total non-current liabilities</b>	<b>76,393</b>	<b>81,137</b>
<b>Current liabilities</b>		
Trade payables	7,832	3,792
Interest-bearing loans	7,175	4,675
Other financial liabilities	21,683	21,786
Other liabilities	5,528	6,904
Income tax liabilities	6,695	5,810
Provisions	44	104
Lease liabilities	1,582	1,492
<b>Total current liabilities</b>	<b>50,539</b>	<b>44,562</b>
<b>Equity</b>		
Subscribed capital	22,396	22,396
Capital reserves	223,397	279,952
Treasury shares	-21,067	-21,250
Other reserves	11,485	11,066
Retained earnings	19,613	35,785
<b>Equity attributable to shareholders of the parent company</b>	<b>255,824</b>	<b>327,950</b>
Non-controlling interest	4,993	6,087
<b>Total equity</b>	<b>260,817</b>	<b>334,037</b>
<b>EQUITY &amp; LIABILITIES</b>	<b>387,749</b>	<b>459,736</b>

## Interim Consolidated Cash Flow Statement

	H1 2023	H1 2022
in € thousand		
Net profit before tax	8,762	12,247
<b>Adjustments for</b>		
Amortisation/depreciation	4,141	3,903
Depreciation of right-of-use assets	280	399
Share of loss from associates	0	97
Impairment reversal of associates	-	-411
Interest income from finance leases and gains from the disposal of right-of-use assets	-43	-83
Other income from financial activities	-84	-458
Expenses from financial activities – from lease liabilities	92	119
Other expenses from financial activities	708	142
Translation differences	-53	-20
Other non-cash income/expenses	-49	107
<b>Changes in</b>		
Trade receivables	-886	89
Prepaid expenses	-580	-151
Other financial assets <sup>1</sup>	-2,158	15,227
Other assets <sup>2</sup>	-208	-29
Trade payables	4,040	-754
Other financial liabilities	427	-14,015
Other liabilities	-1,376	-1,601
Provisions	-36	-463
Interest received	110	-
Interest paid	-800	-142
Income taxes paid	-726	-6
<b>Net cash inflow from operating activities</b>	<b>11,562</b>	<b>14,197</b>

	<b>H 1 2023</b>	H 1 2022
in € thousand		
<b>Cash flow from investing activities</b>		
Receipt from a refund of advance tax payments	56,344	-
Receipts from the repayment portion of subleases (finance lease)	455	621
Payments for the acquisition of intangible assets	-29	-529
Payments for the acquisition of property, plant and equipment	-245	-222
Payments for the acquisition of associated companies	-627	-365
Dividends received	77	-
<b>Net cash inflow from investing activities</b>	<b>55,974</b>	<b>-495</b>
<b>Cash flow from financing activities</b>		
Payments for the repayment portion of lease liabilities	-759	-1,368
Receipts from the sale of treasury shares	120	114
Payments for the redemption of loans	-1,088	-
Dividend payments	-79,374	-1,242
<b>Net cash outflow from financing activities</b>	<b>-81,101</b>	<b>-2,496</b>
Net increase/decrease in cash and cash equivalents	-13,564	11,207
Exchange rate-related changes in cash and cash equivalents	31	-1
Available funds at the beginning of the period	61,209	90,100
<b>Available funds at the end of the period</b>	<b>47,676</b>	<b>101,306</b>
<b>Composition of available funds</b>		
<b>Cash and cash equivalents according to the statement of financial position at the end of the period</b>	<b>47,676</b>	<b>101,306</b>

<sup>1</sup> Excluding interest-bearing bond and securities.

<sup>2</sup> Excluding the refund of advance payments from the Hannover-Nord tax authority amounting to €56,344 thousand, presented as a cash inflow from investing activities.



## Interim Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
in € thousand								
<b>As at 1 January 2022</b>	<b>22,396</b>	<b>279,971</b>	<b>-1,411</b>	<b>10,473</b>	<b>66,794</b>	<b>378,223</b>	<b>6,719</b>	<b>384,942</b>
Net profit	-	-	-	-	9,067	9,067	364	9,432
Other comprehensive income	-	-	-	758	-	758	-	758
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>758</b>	<b>9,067</b>	<b>9,825</b>	<b>364</b>	<b>10,189</b>
Dividend payment	-	-	-	-	-46,971	-46,971	-1,242	-48,213
Sale of treasury shares	-	-19	162	-	-	143	-	143
<b>As at 30 June 2022</b>	<b>22,396</b>	<b>279,952</b>	<b>-1,249</b>	<b>11,231</b>	<b>28,890</b>	<b>341,220</b>	<b>5,841</b>	<b>347,061</b>
<b>As at 1 January 2023</b>	<b>22,396</b>	<b>279,952</b>	<b>-21,250</b>	<b>11,066</b>	<b>35,785</b>	<b>327,950</b>	<b>6,087</b>	<b>334,037</b>
Net profit	-	-	-	-	5,272	5,272	314	5,586
Other comprehensive income	-	-	-	418	-	418	-	418
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>418</b>	<b>5,272</b>	<b>5,690</b>	<b>314</b>	<b>6,004</b>
Reclassification	-	-56,522	-	-	56,522	-	-	-
Dividend payment	-	-	-	-	-77,966	-77,966	-1,408	-79,374
Sale of treasury shares	-	-33	183	-	-	150	-	150
<b>As at 30 June 2023</b>	<b>22,396</b>	<b>223,397</b>	<b>-21,067</b>	<b>11,485</b>	<b>19,613</b>	<b>255,824</b>	<b>4,993</b>	<b>260,817</b>

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

The interim financial statements for ZEAL Network SE, Hamburg (the 'Company') and its subsidiaries (collectively, 'ZEAL', 'ZEAL Group' or 'the Group') cover the period from 1 January 2023 to 30 June 2023. The date of the interim consolidated statement of financial position is 30 June 2023.

### BASIS OF PREPARATION

These condensed interim financial statements for the first six months of 2023 (reporting period: 1 January 2023 to 30 June 2023) of the Group

- have been prepared in accordance with IAS 34 'Interim Financial Reporting', taking into account the valid IFRS standards of the International Accounting Standards Board (IASB) as applicable in the EU, and the interpretations of the IFRS Interpretations Committee, and
- do not include all information and disclosures required for consolidated financial statements under IFRS and are therefore to be read in conjunction with the consolidated financial statements as of 31 December 2022.

The interim financial statements and the interim management report have not been subjected to an auditor's review nor have they been audited according to section 317 of the German Commercial Code (HGB).

The interim financial statements and the interim management report have been approved for publication by a resolution of the Management Board on 9 August 2023.

### GENERAL ACCOUNTING PRINCIPLES

The same accounting policies were used for these interim financial statements as for the consolidated financial statements as of 31 December 2022 in which the corresponding details are also provided.

The adoption of new mandatory or amended standards had no impact on the Group's accounting methods.

Unless noted otherwise, amounts are stated in thousands of euros (€ thousand), which may result in accounting rounding differences in individual cases.

## 2 Segment reporting

<b>H1 2023</b>	Germany	Other	<b>Total</b>
in € thousand			
Revenue	52,252	2,577	54,829
Other operating income	855	0	855
Personnel expenses	-9,735	-636	-10,371
Other operating expenses and exchange rate differences	-30,212	-1,338	-31,550
<b>EBITDA</b>	<b>13,160</b>	<b>603</b>	<b>13,763</b>
Amortisation/depreciation	-	-	-4,421
<b>EBIT</b>	<b>-</b>	<b>-</b>	<b>9,342</b>
Financial result	-	-	-580
Share of loss from associates	-	-	-0
<b>Net profit before taxes</b>	<b>-</b>	<b>-</b>	<b>8,762</b>
Income taxes	-	-	-3,176
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>5,586</b>

<b>H1 2022</b>	Germany	Other	<b>Total</b>
in € thousand			
Revenue	47,114	2,262	49,376
Other operating income	622	1,202	1,824
Personnel expenses	-9,389	-891	-10,280
Other operating expenses and exchange rate differences	-23,381	-1,092	-24,473
<b>EBITDA</b>	<b>14,965</b>	<b>1,481</b>	<b>16,447</b>
Amortisation/depreciation	-	-	-4,302
<b>EBIT</b>	<b>-</b>	<b>-</b>	<b>12,145</b>
Financial result	-	-	199
Share of loss from associates	-	-	-97
<b>Net profit before taxes</b>	<b>-</b>	<b>-</b>	<b>12,247</b>
Income taxes	-	-	-2,815
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>9,432</b>

### 3 Revenue

The Group's main revenue streams and the corresponding accounting policies are presented in note 2.6 to the 2022 Consoli-

dated Financial Statements and remain unchanged. In the first half of 2023, revenue comprised the following:

	H1 2023	H1 2022
in € thousand		
Ticket fees	23,151	20,536
Commissions	28,257	25,495
<b>Lottery brokerage revenue</b>	<b>51,408</b>	<b>46,030</b>
Other revenue	3,560	3,345
<b>Revenue according to IFRS 15 from contracts with customers</b>	<b>54,967</b>	<b>49,376</b>
Revenue according to IFRS 9	-138	-
<b>Revenue</b>	<b>54,829</b>	<b>49,376</b>

### 4 Tax

The tax calculation of the Group is based on an effective tax rate which adequately reflects the forecasted tax expense for the full year.

	H1 2023	H1 2022
in € thousand		
Current income tax expense	-1,639	-1,748
Deferred tax income (+)/expense (-)	-1,537	-1,067
<b>Total income (+)/expense (-)</b>	<b>-3,176</b>	<b>-2,815</b>

Deferred tax income is mainly a result of the release of the deferred tax liability associated with intangible assets recognised on acquisition of LOTTO24 AG.

### 5 Contingent liabilities and financial obligations

The Management Board continues to closely monitor any changes in areas where a contingent liability has been previously disclosed. As reported in note 29 to the 2022 Consolidated Financial Statements, there is uncertainty as to the appropriateness of the UK exit tax paid in connection with the relocation of the Company's registered office from London to Hamburg in October 2019. The assessment of the residual risk of payment continues to amount to €2,700 thousand. The Management Board is still of the opinion that payment is unlikely.

In connection with the granting of an online games licence, LOTTO24 AG undertook to deposit a security of €5,000 thousand with the GGL. LOTTO24 AG did this by means of a bank guarantee with a guarantee fee of 1.0% per year.

## 6 Financial assets and financial liabilities

The financial instruments held by the Group at 30 June 2023 are classified according to the fair value hierarchy (level 1, 2 or 3) as explained in note 32.1 to the 2022 Consolidated Financial Statements.

Assets and liabilities are reviewed at the end of each reporting period to determine whether any transfers between the levels of fair value hierarchy are deemed to have occurred. In the first half of 2023, the investment in SEVENCANYON Limited was reclassified from level 2 to level 3. There were no other transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the period.

The following table shows the carrying amounts and fair values by category of all the Group's financial instruments included in the Interim Consolidated Financial Statements, except for those whose carrying amounts are reasonable approximations of fair value:

in € thousand	Level	Valuation technique	30 June 2023		31 December 2022	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Interest-bearing bond	3	AC	5,028	4,901	5,035	4,933
Other investment	2	FVOCI	-	-	396	396
Other investment	3	FVOCI	15,099	15,099	14,285	14,285
Other investment	3	FVPL	743	743	743	743
Securities	1	FVPL	339	339	327	327
Short-term deposits	1	FVPL	572	572	567	567
			<b>21,781</b>	<b>21,654</b>	<b>21,353</b>	<b>21,251</b>
<b>Financial liabilities</b>						
Interest-bearing financial loans	3	AC	-26,525	-26,525	-27,612	-27,612
Winnings from 'freiheit+'	3	FVPL	-5,120	-5,120	-4,598	-4,598
			<b>-31,645</b>	<b>-31,645</b>	<b>-32,209</b>	<b>-32,209</b>

For a detailed overview of the nature and extent of the risks resulting from financial instruments, please refer to notes 32.2 to 32.5 to the 2022 Consolidated Financial Statements.

## 7 Capital management

ZEAL operates a centralised capital management system. Information about our capital management system is detailed in note 31 to the 2022 Consolidated Financial Statements.

In order to pay out the dividend amount, €56,522 thousand was withdrawn from the free capital reserve and added to the distributable profit.

## 8 Related parties

The members of the Management Board and Supervisory Board of ZEAL, as well as their immediate relatives, are regarded as related parties in accordance with IAS 24 'Related Party Disclosures'. There were no significant transactions with related parties in the period under review. Further information on our related parties are detailed in note 30 to the 2022 Consolidated Financial Statements.

## 9 Subsequent events

At the time of preparation of these the Interim Consolidated Financial Statements, no significant subsequent events had occurred.

## 10 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining fiscal year.

Hamburg, 9 August 2023

The Management Board

Helmut Becker  
Chief Executive Officer

Paul Dingwitz  
Chief Technology Officer

Sönke Martens  
Chief Marketing and Sales Officer

Jonas Mattsson  
Chief Financial Officer

## Financial Calendar

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<b>9 November 2023</b>	Publication of Quarterly Statement Q 1-3 2022
<b>20 March 2024</b>	Publication of Annual Report 2023

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