

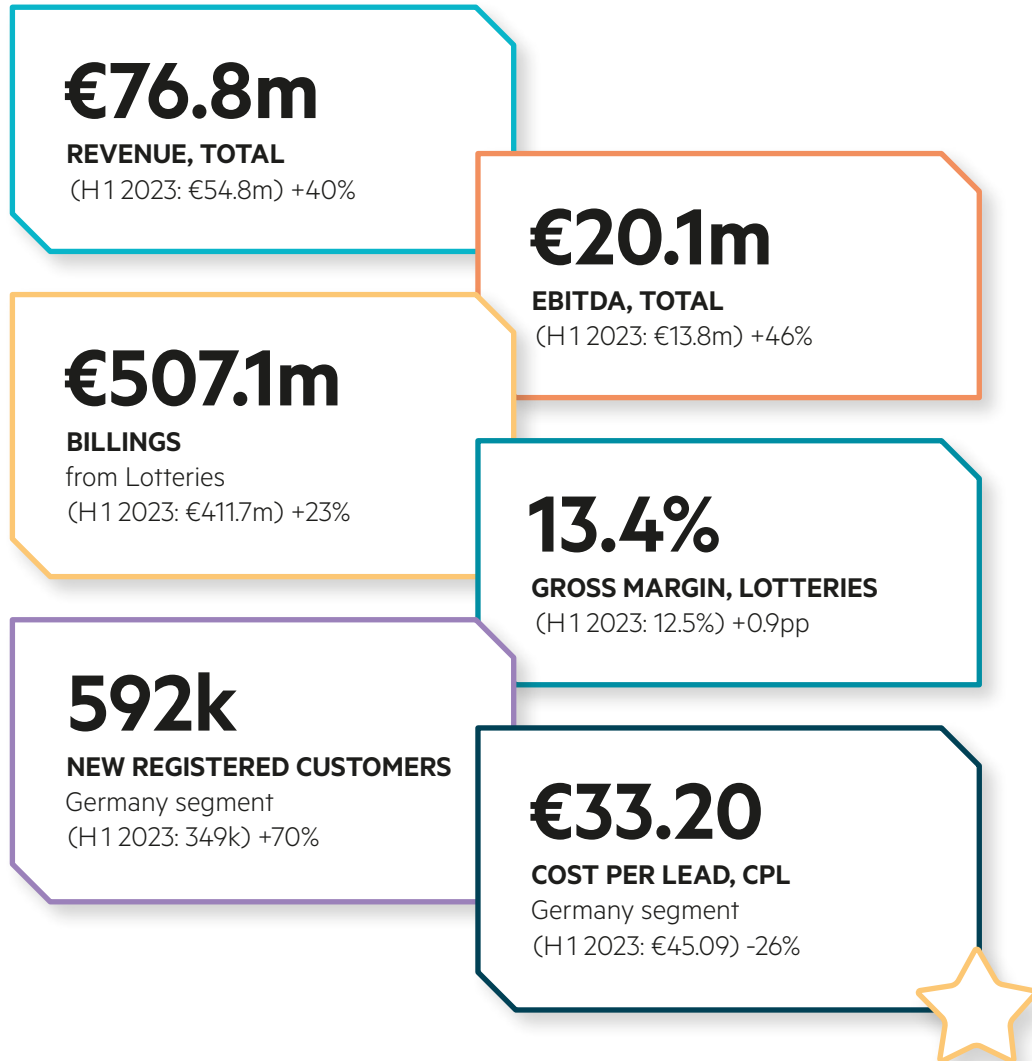
DEFINING THE FUTURE OF LOTTERY

HALF-YEARLY FINANCIAL REPORT
1 JANUARY – 30 JUNE 2024



ZEAL

H1 2024 AT A GLANCE



Growth and profitability: ZEAL maintains upward trajectory

- Exceptionally efficient and extensive new customer acquisition
- Strongly accelerated revenue growth
- Steady increase in gross margin
- Significantly improved EBITDA

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Lotteries

€408.0m

CUSTOMER PAYMENTS FOR LOTTERIES

(H1 2023: €326.1m) +25%

€507.1m

BILLINGS FROM LOTTERIES

(H1 2023: €411.7m) +23%

€68.0m

REVENUE FROM LOTTERIES

(H1 2023: €51.2m) +33%

16.7%

CUSTOMER PAYMENTS MARGIN, LOTTERIES

(H1 2023: 15.7%) +1.0pp

13.4%

GROSS MARGIN, LOTTERIES

(H1 2023: 12.5%) +0.9pp

€8.38

Ø REVENUE FROM LOTTERIES

Per active lottery customer per month

(H1 2023: €7.61) +10%

Games

€12.6m

CUSTOMER PAYMENTS FOR GAMES

(H1 2023: €0.1m)

€61.3m

BILLINGS FROM GAMES

(H1 2023: €0.6m)

€4.5m

UMSATZERLÖSE AUS GAMES

(H1 2023: €0.1m)

35.6%

CUSTOMER PAYMENTS MARGIN, GAMES

(H1 2023: 36.4%)

7.3%

GROSS MARGIN, GAMES

(H1 2023: 9.3%)

€37.03

Ø REVENUE FROM GAMES

Per active games customer per month

(H1 2023: €5.49)

FOREWORD

ZEAL can look back on a successful first half of 2024 with a very positive business development and strong growth in both revenue and EBITDA.

Against the backdrop of a favourable jackpot environment – especially for the 'Eurojackpot' lottery – we stepped up our marketing activities and achieved considerable success: in the first half of 2024, we not only achieved a very high number of new registered customers (592 thousand), but also with a 26% lower cost per lead (CPL) than in the comparative prior-year period.

The good jackpot situation and our ongoing measures to strengthen customer activity enabled us to lift the monthly average number of active lottery users (MAU) to a historic peak of 1,353 thousand. This represents an increase of 21% compared to the same period last year (1,121 thousand). The strong development of our active customer figures and our improved gross margin resulted in revenue growth of 40% to €76.8 million in the first half of 2024. Our marketing measures enabled us to acquire 70% more new customers than in the same period last year, while marketing expenses rose by just 28%. This strong revenue growth also raised EBITDA by 46% to €20.1 million. Net profit rose by 561% to €36.9 million – due in part to the initial recognition of deferred tax assets of €27.5 million, which are expected to be utilised on completion of the squeeze-out demand regarding LOTTO24 AG and the planned subsequent formation of a tax group.

Our players were once again among the major prize winners in the first half of 2024. In February, for example, a 40-year-old LOTTO24 player in Bavaria won the €62 million 'Eurojackpot' and just a few weeks later, a 42-year-old LOTTO24 player in North-Rhine Westphalia was one of two winners to smash the €120 million 'Eurojackpot' and pocket €60 million in April. Our own charity lotteries also produced two major prize winners: in June, a 24-year-old LOTTO24 player from the Lake Constance region won the main prize in our 'freiheit+' charity lottery and can look forward to receiving €5,000 a month for the next 15 years, as well as an additional one-off cash prize of €250,000 – making him the tenth major winner of 'freiheit+' since the lottery was launched in March 2020. Prior to this in February, a 51-year-old LOTTO24 player from Schleswig-Holstein had already won the main prize of our charity lottery 'Die Deutsche Traumhauslotterie' and received one million euros for his own personal dream home.

Another reason to celebrate was the first anniversary of our virtual slot machine games offering in June. In the same month last year, we launched our online games offering in the web shops of our subsidiary LOTTO24 AG after receiving the necessary licence. Our games portfolio now comprises 107 titles.

We also laid an important foundation for the further growth of our business in the first half of 2024. In June, we received the licence to launch our own new charity lottery 'Traumhausverlosung', which has been available as part of our product portfolio through our web shops since August. We also received a licence to directly market our own charity lottery 'freiheit+' to end consumers.

On 10 July 2024, ZEAL submitted a specified squeeze-out demand to LOTTO24 AG. Our aim is for a resolution to be adopted at the Annual General Meeting of LOTTO24 AG on 27 August 2024 to transfer the shares held by minority shareholders to ZEAL Network SE in return for cash compensation of €479.25 per registered no-par value share of LOTTO24 AG. As at 30 June 2024, ZEAL held 95.45% of shares in LOTTO24 AG. ZEAL will finance the cash compensation entirely through loans. In early July 2024, ZEAL concluded corresponding loan agreements at standard market conditions.

INTERIM GROUP MANAGEMENT REPORT

Summary of the Consolidated Income Statement	H1 2024	H1 2023	Change in %	Q2 2024	Q2 2023	Change in %
in € thousand						
Revenue	76,765	54,829	40%	40,666	28,130	45%
Other operating income	373	855	-56%	-68	655	
Personnel expenses	-14,299	-10,371	38%	-8,096	-5,292	53%
Other operating expenses	-42,805	-31,609	35%	-21,837	-19,093	14%
Marketing expenses	-25,534	-20,021	28%	-12,145	-13,020	-7%
Direct operating expenses	-8,597	-5,410	59%	-4,586	-2,679	71%
Indirect operating expenses	-8,673	-6,178	40%	-5,107	-3,394	50%
Exchange rate differences	57	58	-2%	22	42	-48%
EBITDA	20,093	13,763	46%	10,687	4,443	141%
Amortisation and depreciation	-3,944	-4,421	-11%	-2,075	-2,227	-7%
EBIT	16,149	9,342	73%	8,612	2,216	289%
Financial result	-1,208	-580	108%	-645	-288	124%
Share of loss from associates	-85	-0	70,867%	-33	38	
Net profit before taxes	14,855	8,762	70%	7,934	1,967	303%
Income taxes	22,065	-3,176		7,902	-755	181%
Net profit	36,921	5,586	561%	15,836	1,212	1,207%
Other KPIs						
Number of new registered customers (thousand), Germany segment	592	349	70%	272	207	31%
CPL (€), Germany segment	33.20	45.09	-26%	33.38	35.97	-7%

FAVOURABLE JACKPOT SITUATION

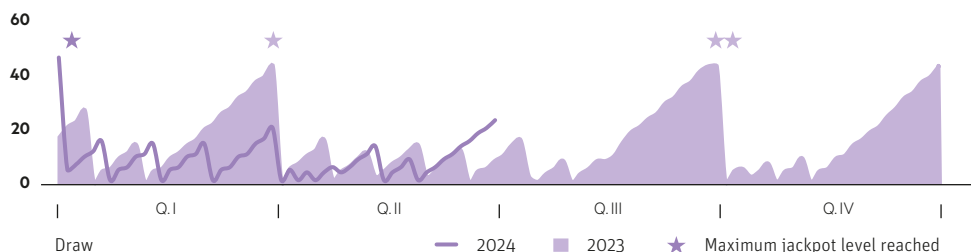
The jackpot situation was generally favourable in the first half of 2024. In the case of the 'Eurojackpot' lottery, the jackpot already reached its maximum level of €120 million in the second draw of the year and remained at this level for four subsequent draws. The 'Eurojackpot' also reached its maximum amount in April and June, in each case for one draw. In the previous year, the maximum jackpot was only reached for two consecutive draws in June 2023. The average 'Eurojackpot' level of €52.7 million was well above the corresponding prior-year figure (2023: €43.2 million).

Compared to the exceptionally positive development of the 'Eurojackpot', the 'LOTTO 6aus49' jackpot situation was fairly mixed: after reaching a record level of €48 million in the first draw of 2024 (an amount only possible since the 'LOTTO 6aus49' jackpot rule was adjusted on 1 November 2023), the jackpot remained at a lower level for the rest of the first six months. With an average jackpot of €9.4 million, it fell short of the prior-year figure (2023: €13.7 million) and failed to reach its maximum level even once (2023: once).

Jackpot development LOTTO 6aus49 and Eurojackpot

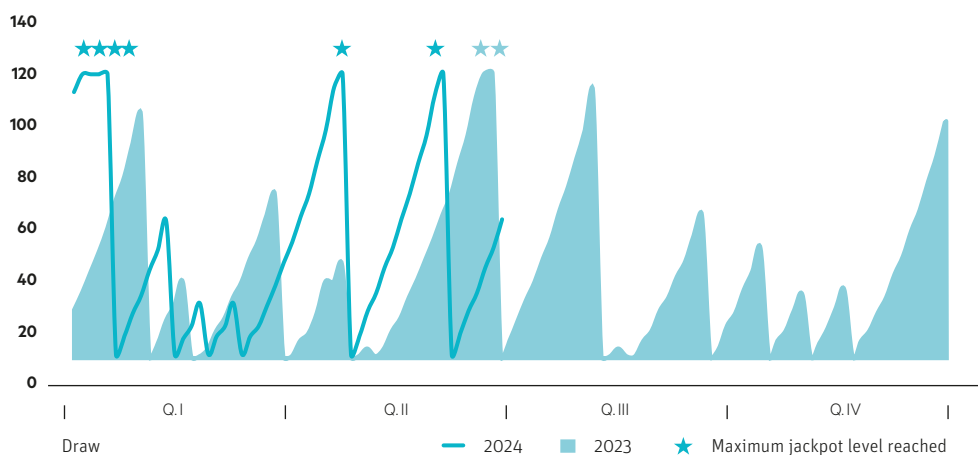
LOTTO 6AUS49

in € million



EUROJACKPOT

in € million



VERY SUCCESSFUL CUSTOMER ACQUISITION

The favourable jackpot situation enabled us to acquire a large number of new customers: in the first half of 2024, we gained 592 thousand new customers. This corresponds to growth of 70% compared to the first half of the previous year. Our marketing measures not only proved to be successful, but also highly efficient: we achieved this outstanding level of new customer acquisition with a CPL that was 26% lower than in the first half of 2023.

GROUP'S EARNINGS POSITION

In the first half of 2024, revenue increased by 40% (€21,936 thousand). This development resulted mainly from the increase in revenue of the Germany segment (€21,745 thousand) and in particular the strong growth of its lottery business (€16,793 thousand). Our games offering launched in June 2023 generated revenue of €4,490 thousand in the first half of 2024 (2023: €52 thousand). The growth of the lottery business resulted from a strong increase in the average number of active users per month (MAU) and an improved gross margin.

In the first quarter of 2024, a major winning in our charity lottery 'Die Deutsche Traumhauslotterie' reduced revenue by €701 thousand (2023: nil). Without this major winning, revenue would have amounted to €77,467 thousand – corresponding to year-on-year growth of 41%.

Compared to the previous year, personnel expenses in the first six months were up 38% (€3,928 thousand). This increase resulted mainly from the following factors:

- Rise in staffing levels (FTEs, excluding students and temporary staff) from 168 to 195 (16%), especially in connection with the roll-out of our new business fields.
- 41% (€772 thousand) increase in costs for provisions for variable remuneration due to the very positive results of the current fiscal year to date.
- Annual salary rises.

Other operating expenses increased by 35% in the first half of 2024 (€11,196 thousand):

- **Marketing expenses** rose by 28% (€5,513 thousand) as we used the very favourable jackpot situation to acquire new customers in an extremely efficient manner with a low CPL.
- **Direct operating expenses** increased by 59% (€3,188 thousand). This development is attributable to several factors: due to the increasing use of Paypal as a payment method, payment processing costs rose by 61% (€1,448 thousand) – and thus more strongly than customer payments (growth of 29%). Moreover, strong customer acquisition activities led to a 46% rise (€216 thousand) in customer identification costs. There was also an increase in costs for impaired customer receivables (€936 thousand) due to strong volume growth in the first half of the year and a change in the business mix. In connection with our new games offering, we incurred additional costs of €293 thousand for commission paid to external developers for the expansion of our games portfolio (2023: nil).
- **Indirect operating expenses** rose by 40% (€2,495 thousand) compared to the previous year. This was mainly driven by higher costs for consulting (€1,251 thousand), external service providers (€1,110 thousand) and personnel recruitment costs (€304 thousand).

Despite increased expenses for the growth of our business and above all the expansion of our customer base, we achieved a strong increase in our EBITDA of 46% (€6,329 thousand). Without the negative revenue effect of €701 thousand from the major winning in our charity lottery 'Die Deutsche Traumhauslotterie', EBITDA would have amounted to €20,794 thousand – corresponding to year-on-year growth of as much as 51%.

Depreciation and amortisation fell by 11% (€477 thousand) in the first half of 2024. This development resulted from one-off costs incurred in the previous year for the use of brands (€250 thousand), as well as from the reversal of an impairment loss relating to a rent increase for office space in London. Apart from this, depreciation and amortisation mainly relates to the scheduled amortisation of the LOTTO24 customer list, which was acquired as part of the takeover in 2019 (€3,683 thousand per year).

The decrease in the financial result of €628 thousand was mainly due to interest from a loan of €20,000 thousand taken out in January 2024.

As part of the announced squeeze-out of LOTTO24 AG and the planned subsequent formation of a tax group between ZEAL Network SE and LOTTO24 AG, benefits are expected to result from the utilisation of deferred tax assets. This was accounted for in the first half of the year with the initial recognition in profit or loss of deferred tax assets amounting to €27,495 thousand, composed as follows:

- Deferred tax assets on losses carried forward of €17,247 thousand recognised in the first quarter of 2024, which will be used in future on realisation of taxable income and the associated utilisation of the losses carried forward.
- Deferred tax assets from temporary differences of €10,248 thousand, which are offset by the reversal of deferred tax liabilities. These were recognised in the second quarter of 2024.

This recognition of deferred tax assets led to an increase in net profit of €31,335 thousand (561%).

DEVELOPMENT OF THE GERMANY SEGMENT

Segment reporting 'Germany'	H1 2024	H1 2023	Change in %	Q2 2024	Q2 2023	Change in %
in € thousand						
Revenue	73,997	52,252	42%	39,295	26,835	46%
thereof from lotteries	68,011	51,218	33%	36,037	26,305	37%
thereof from games	4,490	52	n.a.	2,303	52	n.a.
Other operating income	373	855	-56%	-69	656	
Personnel expenses	-13,648	-9,735	40%	-7,794	-5,092	53%
Other operating expenses	-41,692	-30,212	38%	-21,277	-18,307	16%
EBITDA	19,030	13,160	45%	10,155	4,091	148%

The increase in revenue of the Germany segment of €21,745 thousand (42%) is primarily due to the growth of our lottery business (€16,793 thousand). Our games business launched in June 2023 also contributed to this development with revenue of €4,490 thousand. Despite the above-mentioned increase in expenses to support growth, particularly in connection with the acquisition of new customers, EBITDA of the Germany segment rose strongly by 45%.

LOTTERY BUSINESS

Financial and other KPIs – Lotteries	H1 2024	H1 2023	Change in %	Q2 2024	Q2 2023	Change in %
Customer payments (€ thousand)	408,035	326,093	25%	211,380	167,283	26%
Billings (€ thousand)	507,060	411,676	23%	260,754	209,930	24%
Revenue (€ thousand)	68,011	51,218	33%	36,037	26,305	37%
Customer payments margin (%)	16,7	15,7	+1.0pp	16,7	15,7	+1.0pp
Gross margin (%)	13,4	12,5	+0.9pp	13,8	12,5	+1.3pp
MAU (thousand)	1,353	1,121	21%	1,372	1,142	20%
APPU (€)	50.28	48.48	4%	51.35	48.83	5%
ABPU (€)	62.48	61,12	2%	63.34	61.28	3%
ARPU (€)	8.38	7.61	10%	8.75	7.68	14%

The 33% growth in revenue from lotteries is mainly due to three factors:

- Strong 21% increase in the average number of active customers per month (MAU) by utilising high jackpot phases – as reflected in increased billings.
- Increase in average billings per user (ABPU) of 2% to €62.48.

- Increase in gross margin from 12.5% in the first half of 2023 to 13.4% in the first half of 2024 due to a changed product mix and further margin optimization measures. It should be noted that the major winning in our charity lottery 'Die Deutsche Traumhauslotterie' in February 2024 had a negative impact on gross margin. Without this effect, gross margin in the first half of 2024 would have amounted to 13.6% and exceeded the prior-year figure by as much as 1.1 percentage points.

GAMES BUSINESS

Financial and other KPIs - Games	H1 2024	H1 2023	Change in %	Q2 2024	Q2 2023	Change in %
Customer payments (€ thousand)	12,629	142	n.a.	6,334	142	n.a.
Billings (€ thousand)	61,272	553	n.a.	29,941	553	n.a.
Revenue (€ thousand)	4,490	52	n.a.	2,303	52	n.a.
Customer payments margin (%)	35.6	36.4	-0.8pp	36.4	36.4	+0.0pp
Gross margin (%)	7.3	9.3	-1.6pp	7.7	9.3	-1.6pp
MAU (thousand)	20	9	125%	19	9	108%
APPU (€)	104.15	48.83	n.a.	113.24	48.83	n.a.
ABPU (€)	505.29	61.28	n.a.	535.52	61.28	n.a.
ARPU (€)	37.03	5.49	n.a.	41.21	5.49	n.a.

Our games business launched in June 2023 continued to make good progress in the first half of 2024: we have significantly expanded and diversified our games offering. As at 30 June 2024, our games portfolio comprised 107 titles. In the second quarter of 2024, we improved our customer payments margin to 36.4% and generated 5% more revenue than in the first quarter.

DEVELOPMENT OF THE OTHER SEGMENT

Segment reporting 'Other'	H1 2024	H1 2023	Change in %	Q2 2024	Q2 2023	Change in %
in € thousand						
Revenue	2,768	2,577	7%	1,371	1,295	6%
Personnel expenses	-651	-636	2%	-301	-200	50%
Other operating expenses	-1,056	-1,338	-21%	-538	-743	-28%
EBITDA	1,062	603	76%	533	351	52%

The improvement in EBITDA of the Other segment of 76% (€459 thousand) resulted mainly from the development of our ONCE business in Spain: we raised revenue by 7% (€191 thousand) and reduced costs for external development services by €236 thousand.

FINANCIAL AND ASSET POSITION

The following table presents a condensed consolidated statement of cash flows:

	H 1 2024	H1 2023
in € thousand		
Main cash flows		
Cash inflow from operating activities	13,682	11,562
Cash outflow/inflow from investing activities	-1,076	55,974
Cash outflow from financing activities	-14,013	-81,101
Other changes in available funds	18	31
Total change in available funds	-1,389	-13,533
Available funds at the beginning of the period	57,704	61,209
Available funds at the end of the period	56,314	47,676

In the first half of 2024, available funds fell by €1,389 thousand.

Cash inflow from operating activities amounted to €13,682 thousand in the first half of 2024 (2023: €11,562 thousand) and results mainly from EBITDA of €20,093 thousand. Negative effects included the utilisation of provisions for staff bonuses in 2023 of €3,953 thousand and tax payments of €2,601 thousand.

Cash outflow from investing activities in the first half of 2024 totalled €1,076 thousand (2023: inflow of €55,974 thousand) and mainly comprised outflows from the purchase of further shares in TH Travel Limited amounting to €1,176 thousand. The cash inflow in the previous year was mainly due to the refund of the advance payment for VAT made in 2020 from the Hannover-Nord tax authority amounting to €56,344 thousand.

Cash outflow from financing activities amounted to €14,013 thousand in the first half of 2024 (2023: €81,101 thousand). The main outflows were dividend payments of €23,828 thousand, loan repayments of €5,940 thousand and the purchase of further shares in LOTTO24 AG of €3,419 thousand. There was an opposing effect from the assumption of a loan totalling €20,000 thousand.

In preparation for the launch of our own new charity lottery 'Traumhausverlosung', we purchased a house in the first half of 2024 that will be the prize for participants of the first draw in the fourth quarter of 2024. The purchase price, including ancillary costs and furniture, of €1,216 thousand in total was recognised under 'Inventories' in the statement of financial position. In addition to the factors mentioned above, there were no significant changes in our asset position apart from the recognition of deferred tax assets for losses carried forward of €27,945 thousand.

In the first half of 2024, ZEAL Network SE acquired shares amounting to 0.59% of the share capital of LOTTO24 AG and thus increased its stake in LOTTO24 AG to 95.45% (31 December 2023: 94.86%). The carrying amount of €671 thousand for the newly acquired shares was deducted in the statement of financial position from equity attributable to non-controlling interests of LOTTO24 AG. The difference of €2,749 thousand between the carrying amount of €671 thousand and the purchase price of €3,419 thousand paid on acquisition of these additional shares was offset from retained earnings.

RISK AND OPPORTUNITY REPORT

We reported extensively on the expected development with its main opportunities and risks in the Group Management Report 2023. There were no significant changes in opportunities and risks in the period up to 30 June 2024.

FORECAST REPORT

Our unchanged objective for the fiscal year 2024 is to further extend our position as the leading online provider of lottery products in Germany, to accelerate the growth of our recently launched games offering and to launch new products in the field of charity lotteries. Depending on the general conditions – and an average jackpot development – we expect revenue to be in the range of €140 million to €150 million in the fiscal year 2024. EBITDA is expected to be in the range of €38 million to €42 million.

	2024	2023
in € million	Guidance	Actual
Revenue (including reimbursements from jackpot insurance)	140–150	116.1
EBITDA ¹	38–42	32.9

¹ Earnings before financial result, taxes, depreciation and amortisation.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Income Statement

	H1 2024	H1 2023	Q2 2024	Q2 2023
in € thousand				
Revenue	76,765	54,829	40,666	28,130
Other operating income	373	855	-68	655
Personnel expenses	-14,299	-10,371	-8,096	-5,292
Other operating expenses	-42,805	-31,609	-21,837	-19,093
Marketing expenses	-25,534	-20,021	-12,145	-13,020
Direct operating expenses	-8,597	-5,410	-4,586	-2,679
Indirect operating expenses	-8,673	-6,178	-5,107	-3,394
Exchange rate differences	57	58	22	42
EBITDA¹	20,093	13,763	10,687	4,443
Amortisation/depreciation on intangible assets and property, plant and equipment	-3,913	-4,141	-1,959	-2,082
Depreciation of right-of-use assets	-30	-280	-117	-145
Result from operating activities (EBIT)	16,149	9,342	8,612	2,216
Income from financial activities	178	203	92	137
Expenses from financial activities	-1,399	-800	-742	-428
Gain/loss on financial assets	13	16	5	3
Financial result	-1,208	-580	-645	-288
Share of loss from associates	-85	-0	-33	38
Net profit before taxes	14,855	8,762	7,934	1,967
Income taxes	22,065	-3,176	7,902	-755
Net profit	36,921	5,586	15,836	1,212
Attributable to:				
Shareholders of the parent company	36,294	5,272	15,470	1,127
Non-controlling interest	627	314	366	85
Earnings per share for profit attributable to shareholders of the parent company				
Basic and diluted earnings per share (in €/share)	1.68	0.24	0.71	0.05

¹ 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 2024	H1 2023	Q2 2024	Q2 2023
in € thousand				
Net profit	36,921	5,586	15,836	1,212
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	361	418	91	650
Other comprehensive income (after taxes)	361	418	91	650
Total comprehensive income (after taxes)	37,282	6,004	15,927	1,862
Attributable to:				
Shareholders of the parent company	36,655	5,690	15,561	1,777
Non-controlling interest	627	314	366	85

Interim Consolidated Statement of Financial Position

	30 June 2024	31 December 2023
ASSETS in € thousand		
Non-current assets		
Property, plant and equipment	1,303	1,182
Right of use assets	2,078	2,388
Goodwill	158,585	158,585
Intangible assets	117,004	120,707
Deferred tax assets	0	993
Interest-bearing bond	5,000	5,000
Other investments	12,572	12,211
Shares in associated companies	1,786	695
Receivables from finance lease	0	254
Total non-current assets	298,329	302,016
Current assets		
Income tax receivables	168	125
Trade receivables	1,517	2,645
Inventories	1,216	0
Receivables from finance lease	1,171	1,480
Prepaid expenses	2,169	1,742
Other financial assets	27,637	28,315
Other assets	793	626
Cash and cash equivalents	56,314	57,704
Total current assets	90,986	92,637
ASSETS	389,315	394,653

	30 June 2024	31 December 2023
EQUITY & LIABILITIES in € thousand		
Non-current liabilities		
Deferred tax liabilities	13,536	44,217
Interest-bearing loans	25,116	15,763
Other financial liabilities	5,799	5,310
Provisions	4,436	4,221
Lease liabilities	1,683	2,388
Total non-current liabilities	50,571	71,897
Current liabilities		
Trade payables	6,090	3,613
Interest-bearing loans	11,881	7,175
Other financial liabilities	29,253	34,282
Other liabilities	7,041	8,491
Income tax liabilities	6,373	1,354
Provisions	1,346	708
Lease liabilities	1,806	2,374
Total current liabilities	63,789	57,997
Equity		
Subscribed capital	22,396	22,396
Capital reserves	194,108	194,163
Treasury shares	-20,848	-21,067
Other reserves	7,651	7,290
Retained earnings	66,141	56,424
Equity attributable to shareholders of the parent company	269,448	259,207
Non-controlling interest	5,508	5,551
Total equity	274,956	264,758
EQUITY & LIABILITIES	389,315	394,653

Interim Consolidated Cash Flow Statement

	H 1 2024	H 1 2023
in € thousand		
Net profit before tax	14,855	8,762
Adjustments for		
Amortisation/depreciation	3,913	4,141
Depreciation of right-of-use assets	30	280
Share of loss from associates	85	0
Interest income from finance leases and gains from the disposal of right-of-use assets	-52	-43
Other income from financial activities	-86	-84
Expenses from financial activities – from lease liabilities	72	92
Other expenses from financial activities	1,327	708
Translation differences	19	-53
Other non-cash income/expenses	-22	-49
Changes in		
Trade receivables	1,128	-886
Prepaid expenses	-428	-580
Inventories	-1,216	-
Other financial assets ¹	612	-2,158
Other assets ²	-167	-208
Trade payables	2,477	4,040
Other financial liabilities	-4,539	427
Other liabilities	-1,451	-1,376
Provisions	854	-36
Interest received	248	110
Interest paid	-1,378	-800
Income taxes paid	-2,601	-726
Net cash outflow/inflow from operating activities	13,682	11,562

¹ Excluding interest-bearing bond and securities.

² Excluding receipts from the first half of 2023 for the refund of advance payments made in 2020 to the Hannover-Nord tax authority amounting to €56,344 thousand, disclosed as a cash inflow from investing activities.

	H 1 2024	H 1 2023
in € thousand		
Cash outflow/inflow from investing activities		
Receipt from a refund of advance tax payments	-	56,344
Receipts from the repayment portion of subleases (finance lease)	392	455
Payments for the acquisition of intangible assets	-15	-29
Payments for the acquisition of property, plant and equipment	-317	-245
Payments for the acquisition of shares in associated companies	-1,176	-627
Dividends received	40	77
Net cash outflow/inflow from investing activities	-1,076	55,974
Cash inflow/outflow from financing activities		
Payments for the repayment portion of lease liabilities	-826	-759
Receipts from the sale of treasury shares	-	120
Receipts from the taking out of loans	20,000	-
Payments for the redemption of loans	-5,940	-1,088
Payments for the acquisition of non-controlling interests	-3,419	-
Dividend payments	-23,828	-79,374
Net cash inflow/outflow from financing activities	-14,013	-81,101
Net increase/decrease in cash and cash equivalents	-1,407	-13,564
Exchange rate-related changes in cash and cash equivalents	18	31
Available funds at the beginning of the period	57,704	61,209
Available funds at the end of the period	56,314	47,676
Composition of available funds		
Cash and cash equivalents according to the statement of financial position at the end of the period	56,314	47,676

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								
As at 1 January 2023	22,396	279,952	-21,250	11,066	35,785	327,950	6,087	334,037
Net profit	-	-	-	-	5,272	5,272	314	5,586
Other comprehensive income	-	-	-	418	-	418	-	418
Total comprehensive income	-	-	-	418	5,272	5,690	314	6,004
Reclassification	-	-56,522	-	-	56,522	-	-	-
Dividend payment	-	-	-	-	-77,966	-77,966	-1,408	-79,374
Sale of treasury shares	-	-33	183	-	-	150	-	150
As at 30 June 2023	22,396	223,397	-21,067	11,485	19,613	255,824	4,993	260,818
As at 1 January 2024	22,396	194,163	-21,067	7,290	56,424	259,207	5,551	264,758
Net profit	-	-	-	-	36,294	36,294	627	36,921
Other comprehensive income	-	-	-	361	-	361	-	361
Total comprehensive income	-	-	-	361	36,294	36,655	627	37,282
Dividend payment	-	-	-	-	-23,828	-23,828	-	-23,828
Purchase of treasury shares	-	-	-	-	-2,749	-2,749	-671	-3,420
Sale of treasury shares	-	-55	219	-	-	164	-	164
As at 30 June 2024	22,396	194,108	-20,848	7,651	66,141	269,448	5,508	274,956

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Interim Consolidated 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 2024 to 30 June 2024. The date of the interim consolidated statement of financial position is 30 June 2024.

BASIS OF PREPARATION

These condensed Interim Consolidated Financial Statements for the first six months of 2024 (reporting period: 1 January 2024 to 30 June 2024)

- 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 2023.

The Interim Consolidated Financial Statements and the Interim Group 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 Consolidated Financial Statements and the Interim Group Management Report were approved for publication by a resolution of the Management Board on 6 August 2024.

GENERAL ACCOUNTING PRINCIPLES

The same accounting policies were used for these Interim Consolidated Financial Statements as for the Consolidated Financial Statements as of 31 December 2023 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. Revenue

The Group's main revenue streams and the corresponding accounting policies are presented in note 2.6 to the Consolidated Financial Statements 2023 and remain unchanged. In the first half of 2024, revenue comprised the following:

	H 1 2024	H1 2023
in € thousand		
Ticket fees	33,708	23,151
Commissions	34,240	28,257
Lottery brokerage revenue	67,949	51,408
Other revenue	3,614	3,560
Revenue according to IFRS 15 from contracts with customers	71,562	54,967
Revenue from operating virtual slot machine games	4,490	52
Revenue from winning tickets	1,750	-
Revenue according to IFRS 9 from operating charity lotteries	-1,037	-190
Revenue according to IFRS 9	5,203	-138
Revenue	76,765	54,829

3. 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 2024	H1 2023
in € thousand		
Current income tax expense	-7,622	-1,639
Deferred tax income (+)/expense (-)	29,688	-1,537
Total income (+)/expense (-)	22,065	-3,176

Deferred tax income is mainly a result of:

- The initial recognition of deferred tax assets amounting to €27,494 thousand from existing tax losses carried forward of ZEAL Network SE (€17,247 thousand), as well as from temporary differences (€10,248 thousand), as a result of the announced squeeze-out of LOTTO24 AG and the planned subsequent formation of a tax group between LOTTO24 AG and ZEAL Network SE.
- The reduction of deferred tax liabilities amounting to €1,189 thousand associated with scheduled amortisation of intangible assets recognised in connection with the LOTTO24 AG acquisition.

4. Financial assets and financial liabilities

The financial instruments held by the Group at 30 June 2024 are classified according to the fair value hierarchy (level 1, 2 or 3) as explained in note 32.1 to the Consolidated Financial Statements 2023.

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. There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements in the first half of 2024.

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 2024		31 December 2023	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Interest-bearing bond	3	AC	5,031	5,007	5,108	5,073
Other investment	3	FVOCI	11,893	11,893	11,533	11,533
Other investment	3	FVPL	679	679	679	679
Securities	1	FVPL	360	360	349	349
Short-term deposits	1	FVPL	587	587	585	585
			18,551	18,526	18,254	18,219
Financial liabilities						
Interest-bearing financial loans	3	AC	-36,997	-36,997	-22,938	-22,938
Winnings from 'freiheit+'	3	FVPL	-5,120	-5,120	-5,671	-5,671
			-42,117	-42,117	-28,608	-28,608

For explanations on the determination of fair value measurements categorised within Level 3 of the fair value hierarchy, please refer to note 15 of the Consolidated Financial Statements 2023. 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 Consolidated Financial Statements 2023.

5. Capital management

ZEAL operates a centralised capital management system. Information about our capital management system is detailed in note 31 to the Consolidated Financial Statements 2023.

6. 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 Consolidated Financial Statements 2023.

7. Subsequent events

In early July 2024, ZEAL Network SE concluded loan agreements totalling €100 million at standard market conditions. At the time of preparing this report, ZEAL Network SE had drawn €40 million of this amount to refinance existing loans. The remaining €60 million can be drawn by ZEAL Network SE until 30 June 2025 and can be used, among other things, to fund the LOTTO24 AG squeeze-out.

On 10 July 2024, the Management Board of ZEAL Network SE submitted a specified squeeze-out demand to the Management Board of LOTTO24 AG in accordance with sections 327a et seq of the German Stock Corporation Act (AktG) regarding the transfer of shares belonging to the minority shareholders of LOTTO24 AG to ZEAL Network SE. Among other things, the demand specifies that a price of €479.25 is to be paid for each share of LOTTO24 AG acquired under the terms of the squeeze-out.

On 17 July 2024, LOTTO24 AG published the invitation to an Annual General Meeting of LOTTO24 AG to be held on 27 August 2024 at which, among other things, a resolution is to be adopted regarding the demand of ZEAL Network SE for the transfer of the shares held by the remaining shareholders of LOTTO24 AG (minority shareholders) to ZEAL Network SE (main shareholder) in return for adequate cash compensation pursuant to sections 327a et seq AktG.

8. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year 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, 6 August 2024

The Management Board

Helmut Becker
Chief Executive Officer

Sebastian Bielski
Chief Financial Officer

Paul Dingwitz
Chief Technology Officer

Basis of reporting

In accordance with the requirements of section 115 (2) to (4) of the German Securities Trading Act (WpHG), this Half-Year Financial Report comprises condensed Interim Consolidated Financial Statements, an Interim Group Management Report and a Responsibility Statement of the legal representatives. The Half-Year Financial Report should be read in conjunction with the Annual Report for the fiscal year 2023 and the additional information about the Company contained therein, as well as in conjunction with the Quarterly Statement Q1 2024¹.

You can find the Annual Report 2023 and the Quarterly Statement Q1 2024 on our website at zealnetwork.de.

Note

Unless otherwise stated, the term '2023' or 'H 1 2023' used throughout this Half-Year Report refers to the same period of the previous year (in other words, the first six months of 2023).

¹ The Quarterly Statement Q1 2024 was prepared pursuant to section 53 of the Exchange Rules of the Frankfurt Stock Exchange; it is not an interim report pursuant to IAS 34 nor does it constitute financial statements pursuant to IAS 1 and was not reviewed by an auditor.

Financial Calendar

6 November 2024 Publication of Quarterly Statement Q1–3 2024

PICTURE CREDITS

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