

# GAME CHANGER

WE DRIVE CHANGE IN THE LOTTERY INDUSTRY.

QUARTERLY STATEMENT  
1 JANUARY – 30 SEPTEMBER 2021



**ZEAL**

ZEAL Network SE is the parent of an e-commerce group of companies that create online lottery experiences for their customers. Founded in Germany in 1999, it was initially set up as a lottery broker and floated in 2005 – in one of Germany's most successful IPOs on the Frankfurt stock exchange at that time.

In 2009, the Group changed its focus from lottery brokerage to lottery betting and later moved its registered office to London.

In May 2019, ZEAL completed the takeover of LOTTO24 AG, transitioned its former Tipp24 secondary lottery business to a German online lottery brokerage business in October 2019, re-located its registered office back to Germany and successfully finalised the integration in 2020.

Today, ZEAL is once again the leading German online provider of lottery products. The aim of ZEAL is to innovate and drive change in the lottery sector while further expanding our market leadership.

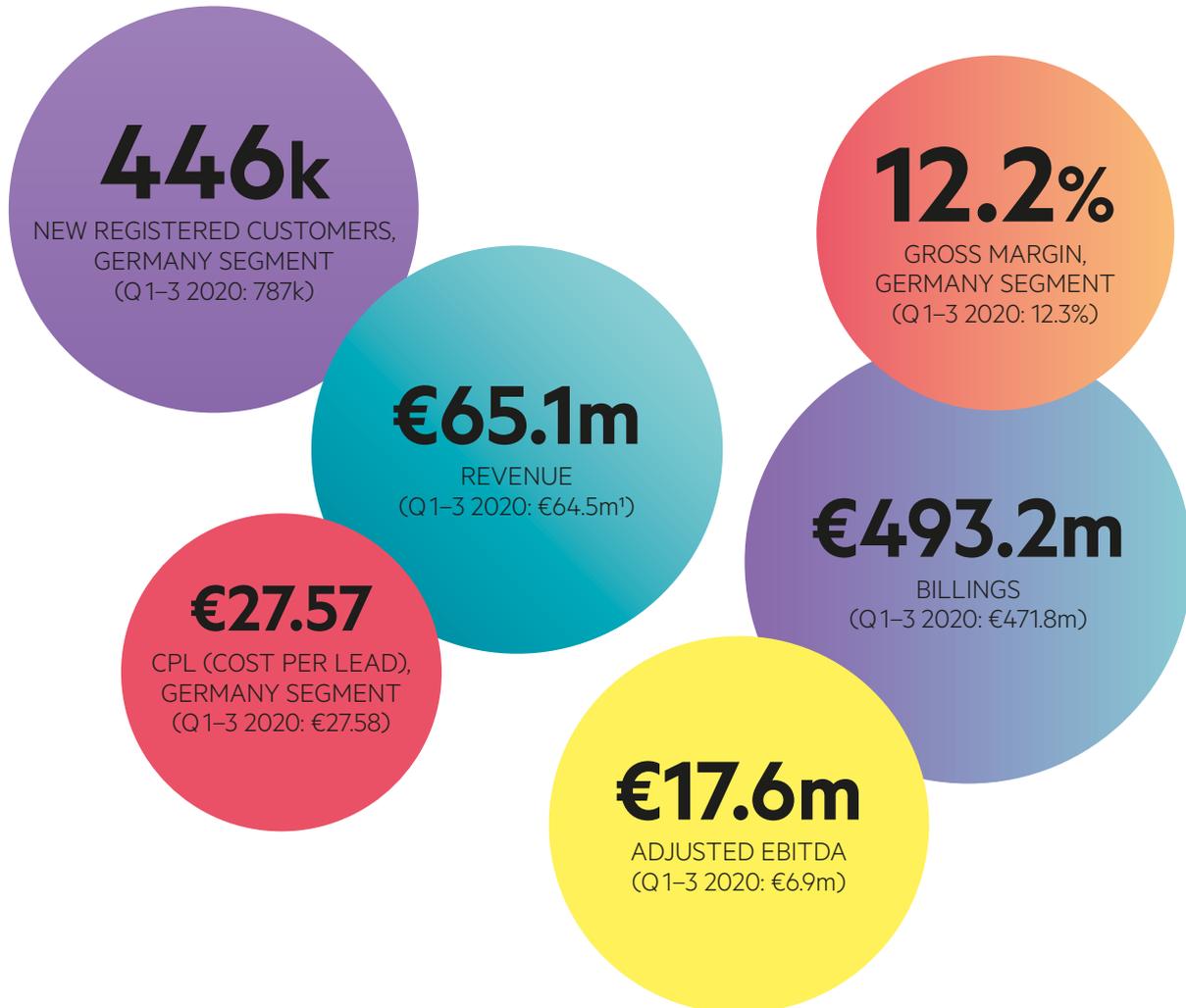
# ZEAL

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Q 1–3 2021

# AT A GLANCE



## CONTINUED GROWTH IN WEAKER JACKPOT ENVIRONMENT

- Increased billings and revenue despite low jackpots
- Profitability significantly improved
- Successful delisting of LOTTO24 AG
- ZEAL supports government's vaccination campaign

*Definitions of the measurements disclosed above can be found in the 'Management System' section of the Group Management Report 2020.*

*<sup>1</sup> As of the fiscal year 2021, income from passing on costs in the course of the charity lottery 'freiheit+' is disclosed as revenue. Revenue in the first nine months of 2020 has been adjusted accordingly.*

# BUSINESS REVIEW

## DEAR SHAREHOLDERS,

Thanks to the stability of our business model – based on the loyalty of our customers and the unbroken popularity of online lotteries – we achieved further growth in the first nine months of 2021 with a much weaker jackpot development than in the same period last year. In September, we were particularly delighted to inform a 40-year-old customer in Bavaria that she had won the largest single prize in our history of €49.3 million.

In the first nine months of 2021, our billings rose by 5% to €493.2 million<sup>1</sup> (2020: €471.8 million), of which the Germany segment accounted for almost the entire amount (2020: €470.9 million). Revenue increased by 1% to €65.1 million (2020: €64.5 million<sup>2</sup>), of which €61.5 million was attributable to the Germany segment (2020: €58.4 million). At 12.2%<sup>3</sup>, our gross margin in the Germany segment thus remained stable compared to the prior-year figure (2020: 12.3%).

The market environment for lotteries in Germany remained weak in the first nine months of 2021: the jackpot of the European lottery 'Eurojackpot' only reached the €90 million mark three times (2020: six times), while the mandatory payout mark for the German lottery 'LOTTO 6aus49', set at €45 million since 23 September 2020, was not reached at all.

Despite this unfavourable market environment, however, we gained 446 thousand new registered customers in the Germany segment (2020: 787 thousand) with a stable CPL of €27.57 (2020: €27.58). Registrations in connection with our '#geimpftgewinnt' ('vaccinated wins') campaign held in the third quarter of 2021 helped reduce CPL compared to the first six months of this year. In view of the weak market environment, we also adjusted our customer acquisition expenses in order to maximise their efficiency. As soon as the jackpot environment becomes more attractive, we will invest more heavily in value-creating marketing measures once again. At €18.6 million, total marketing expenses for the first nine months of 2021 were well below the prior-year level (2020: €25.3 million).

Personnel expenses and other operating expenses of €14.5 million and €33.2 million, respectively, were well below the corresponding prior-year figures (2020: €16.6 million and €43.0 million). As a result of adjusting marketing expenses to the jackpot environment, we significantly improved our profitability: for example, adjusted EBITDA for the first nine months of 2021 rose to €17.6 million (2020: €6.9 million) – there were no non-recurring expenses or income. The Germany segment accounted for €16.6 million of this amount (2020: €5.2 million). EBIT and net profit of €11.1 million and €7.3 million, respectively, were also above the prior-year figures (2020: €2.9 million and €6.6 million).

On 21 July 2021, we decided to make an offer to the shareholders of LOTTO24 AG to buy all shares in LOTTO24 AG not directly held by ZEAL Network SE for a cash consideration of €380.97 per LOTTO24 shares. The reason for this purchase offer was to enable LOTTO24 AG to apply for a delisting of the LOTTO24 share. The offer acceptance period ran from 16 August 2021 to 13 September 2021. The offer was accepted for a total of 22,834 LOTTO24 shares (corresponding to 14.2% of share capital). By the close of 13 September 2021, the stock exchange listing of the LOTTO24 shares was terminated. Following settlement of the offer on 23 September 2021, we now hold 1,527,520 LOTTO24 shares, corresponding to around 94.9% of LOTTO24 AG's share capital. As a result of the delisting, LOTTO24 will no longer be obliged to meet a number of statutory requirements, for example in the field of financial reporting. This reduced workload will result in corresponding cost savings.

We actively supported the German government's vaccination campaign and gave away lottery tickets of the charity lottery 'freiheit+' to people vaccinated against COVID-19. The campaign was also strongly supported by staff members and was ZEAL's way of taking social responsibility and making a public stand on this important social issue. Under the motto '#geimpftgewinnt', we gave out a total of around 130,000 free lottery tickets to customers by the end of September 2021.

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

<sup>2</sup>As of the fiscal year 2021, income from passing on costs in the course of the charity lottery 'freiheit+' is disclosed as revenue. Revenue in the first nine months of 2020 has been adjusted accordingly.

<sup>3</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.

We want to steadily expand the product range for our customers. Based on the regulatory options provided by the new State Treaty on Games of Chance (GlStV 2021) since July, we plan to offer online games (virtual slot machines) on our platforms. We have already submitted a corresponding application to the relevant supervisory authority, the Ministry of the Interior for Saxony-Anhalt.

We also intend to further develop products which we have already been brokering for many years now. In September 2021, for example, the German state lotteries announced that as the organisers of the European lottery 'Eurojackpot', they would introduce a second weekly draw (on Tuesdays) as of 25 March 2022, together with changes in the game formula and winning probability. The jackpot limit will be raised from €90 million to €120 million. This will make the product 'Eurojackpot' significantly more attractive for our customers.

Like many other companies, we introduced a flexible work policy at the beginning of the corona pandemic last year. Thanks to the consistent implementation and use of digital communication tools, we have been able to continue our business operations without any disruptions to date. The guidelines for the company and its employees are continuously being adapted to the current pandemic situation so that we continue to achieve a high level of work efficiency with maximum flexibility for our employees.

Depending on the general conditions – in particular the jackpot development – we now expect for the financial year 2021 billings of around €650 million (previously: at least €700 million) in the Germany segment. Moreover, we now assume that revenue will amount to around €86 million (previously: at least €95 million). EBITDA is expected to reach around €25 million (previously: at least €20 million).

Hamburg, 10 November 2021

The Management Board



Dr Helmut Becker  
Chief Executive Officer



Paul Dingwitz  
Chief Technology Officer



Sönke Martens  
Chief Operations Officer



Jonas Mattsson  
Chief Financial Officer

# RESULTS OF OPERATIONS AND FINANCIAL POSITION

Summary of financial results	Q 1-3 2021	Q 1-3 2020
in € thousand		
Revenue	65,053	64,457 <sup>1</sup>
Other operating income	677	1,737 <sup>1</sup>
Personnel expenses	-14,485	-16,593
Other operating expenses	-33,216	-42,976
Marketing expenses	-18,615	-25,304
Direct operating expenses	-7,470	-7,236
Indirect operating expenses	-7,131	-10,436
Exchange rate differences	-381	278
<b>Adjusted EBITDA</b>	<b>17,649</b>	<b>6,903</b>
Non-recurring income and expenses	-	3,656
<b>EBITDA</b>	<b>17,649</b>	<b>10,559</b>
Amortisation and depreciation	-6,573	-7,695
<b>EBIT</b>	<b>11,076</b>	<b>2,864</b>
<b>Key financial figures and other financial indicators</b>		
Billings (in € thousand)	493,192	471,757
Revenue (in € thousand)	65,053	64,457 <sup>1</sup>
Adjusted EBITDA	17,649	6,903
Gross margin (%), Germany segment	12.2	12.3
Number of new registered customers (in thousand), Germany segment	446	787
CPL (€), Germany segment	27.57	27.58
MAU (thousand), Germany segment	972	987
ABPU (€), Germany segment	56.38	53.01

<sup>1</sup> Other operating income disclosed in the Quarterly Statement 2020 includes income of €592 thousand from costs passed on in the course of the charity lottery 'freiheit+' which have been disclosed as revenue since the fiscal year 2021. Further details are provided in Segment Reporting.

## REVENUE

In the first nine months of 2021, revenue rose by 1% (€596 thousand). The increase was due to the 5% growth in billings, which were generated almost entirely by the Germany segment. Revenue in the Other segment declined due to contractual changes.

## PERSONNEL EXPENSES

In the first nine months of 2021, personnel expenses fell by 13% (€2,108 thousand). This fall was mainly due to an increase in the ZEAL share price in the same period last year, which led to an increase in the provision for long-term incentives and thus to additional personnel costs. In addition, the average number of employees (FTEs, excluding students and temporary staff) decreased from 161 to 158 (2%) due to temporary fluctuations.

## OTHER OPERATING EXPENSES

Other operating expenses declined by 23% in the first nine months of 2021 (€9,760 thousand):

- Marketing expenses decreased by 26% (€6,689 thousand) due to the much weaker jackpot situation during the reporting period compared with the first nine months of 2020. Spending volumes – especially for new customer acquisition – are constantly adapted according to the jackpot and market environment in order to achieve efficient new customer acquisition;
- Direct operating expenses increased by 3% (€234 thousand), comparable to the development of billings;
- Indirect operating expenses declined by 32% (€3,305 thousand), due in part to savings in services and external staff (€1,646 thousand). In the previous year, costs for external services relating to the merger of the LOTTO24 and ZEAL platforms were incurred. In addition, provisions of €900 thousand were reversed in the first nine months of 2021 for anticipated, but since resolved legal disputes.

## ADJUSTED EBITDA

In the first nine months of 2021, adjusted EBITDA rose by 156% (€10,746 thousand), driven by a decrease in personnel expenses, marketing expenses and indirect operating expenses, as well as by the increase in revenue.

## AMORTISATION AND DEPRECIATION

Amortisation and depreciation fell by 15% in the first nine months of 2021 (€1,122 thousand). This is due to the termination of leases or to sub-letting relating to office space in Hamburg and London.

## KEY PERFORMANCE INDICATORS

Despite a significantly weaker jackpot development compared to the previous year, billings of our online brokerage business grew by 5% in the first nine months of 2021 (€21,435 thousand). At 12.2%, our gross margin in the Germany segment remained stable at the prior-year level (2020: 12.3%).

At the same time, we succeeded in gaining 446 thousand new registered customers in the Germany segment (2020: 787 thousand) while keeping acquisition costs per new registered customer stable at €27.57 (2020: €27.58). Registrations in connection with our '#geimpftgewinnt' campaign held in the third quarter of 2021 helped reduce CPL compared to the first six months of this year. Despite a much weaker market environment, the average number of our active users per month (MAU) in the Germany segment remained stable at 972 thousand in the first nine months of 2021 (2020: 987 thousand). The price increase in September 2020 contributed to the growth in average billings per customer (ABPU) to €56.38 (2020: €53.01).

## CASH FLOW

	Q 1–3 2021	Q 1–3 2020
in € thousand		
Cash inflow/outflow from operating activities	68,005	-2,823 <sup>1</sup>
Cash inflow/outflow from investing activities	-8,564	-52,319 <sup>1</sup>
Cash outflow from financing activities	-12,577	-19,917 <sup>1</sup>
<b>Change in available funds</b>	<b>46,863</b>	<b>-75,059<sup>1</sup></b>
Exchange rate-related changes in cash and cash equivalents	107	17 <sup>1</sup>
Available funds at the beginning of the period	86,061	153,280
<b>Available funds at the end of the period</b>	<b>133,032</b>	<b>78,238</b>

<sup>1</sup> The cash outflows from operating activities, investing activities and financing activities disclosed in the Quarterly Statement 2020 have been adjusted to show the payment on account to the tax authority of €54,316 thousand and the proceeds from subleases of €464 thousand as cash flow from investing activities and the proceeds from the sale of treasury shares of €159 thousand as cash flow from financing activities. Exchange rate-related changes in cash and cash equivalents were also disclosed separately.

Cash, cash equivalents and pledged cash rose by €46,971 thousand to €133,032 thousand in the first nine months of 2021 (2020: decrease of €75,042 thousand).

The cash inflow from operating activities in the first nine months of 2021 amounted to €68,005 thousand (2020: cash outflow of €2,823 thousand).

Cash inflow includes the lottery winnings of a customer totalling €49,327 thousand, which was already reimbursed by the state lottery in September 2021 but not yet paid out to the customer as of the reporting date. The payout was made in October 2021. The remaining net inflow of €18,678 thousand largely corresponds to EBITDA of €17,649 thousand. In the previous year, the net cash outflow resulted from tax payments of €6,357 thousand and severance payments for employees of €4,311 thousand, opposed by cash inflow from EBITDA of €10,559 thousand.

Cash outflow from investing activities in the first nine months of 2021 amounted to €8,564 thousand (2020: cash outflow of €52,319 thousand). This is mainly due to the acquisition of LOTTO24 shares as part of the delisting offer against payments of €8,699 thousand. Cash outflow in the first nine months of 2020 was primarily due to the interim payment of €54,316 thousand made in January 2020 on possible VAT liabilities.

Cash outflow from financing activities in the first nine months of 2021 amounted to €12,577 thousand (2020: €19,917 thousand). This outflow consists of dividend payments of €20,131 thousand (2020: €17,887 thousand) and lease payments of €1,284 thousand (2020: €2,189 thousand) made by the Group for its offices in London and Hamburg. This is opposed by payments received of €8,700 thousand from the drawing of an instalment loan with Commerzbank, used to finance the LOTTO24 share purchase.

## SELECTED NOTES TO THE ASSET POSITION

In September 2021, our investment Omaze Inc. received new financing of US\$85 million. On the basis of this financing round, Omaze Inc. is now valued at US\$944.3 million. As a result, the value of our investment in Omaze Inc. increased by €10,072 thousand in the third quarter of 2021. This was recognised in ZEAL's other comprehensive income. Following the new financing round, our share in Omaze Inc. amounts to 1.6%.

Following an agreement reached by myLotto24 (a wholly-owned subsidiary of ZEAL Network SE) with the Hannover-Nord tax office in December 2019, myLotto24 made an interim payment of €54,316 thousand to the German tax authorities in January 2020 towards the disputed VAT liability for previous years. The Group recognised an asset for this payment, taking into account the standardised interest rate of originally 6% p.a. as defined in section 233a (2) of the German Tax Code (Abgabenordnung – AO). Further details are presented in note 17 of the Annual Report 2020. On 18 August 2021, the Federal Constitutional Court (Bundesverfassungsgericht) published a decision which states that the interest rate of 6% on tax arrears is unconstitutional and no longer applicable for interest periods as of 2019. No new interest rate has yet been set by the German tax authorities in response to this decision. Based on the current market interest rate, we expect a significantly lower interest rate to apply to the interim payment made and consider 3% p.a. to be appropriate. The accrued interest asset has been adjusted accordingly. As at 30 September 2021, the change from 6% p.a. to 3% p.a. resulted in a reduction in the asset value of €1,974 thousand, with a corresponding impact on the financial result in the third quarter.

# SELECTED FINANCIAL INFORMATION

## INTERIM CONSOLIDATED INCOME STATEMENT

	Q 1-3 2021	Q 1-3 2020	Q 3 2021	Q 3 2020
In € thousand				
Revenue	65,053	64,457 <sup>1</sup>	20,536	20,887 <sup>1</sup>
Other operating income	677	1,737 <sup>1</sup>	305	963 <sup>1</sup>
Personnel expenses	-14,485	-16,593	-4,236	-5,398
Other operating expenses	-33,216	-42,976	-9,533	-12,902
Marketing expenses	-18,615	-25,304	-4,854	-6,976
Direct operating expenses	-7,470	-7,236	-2,335	-2,333
Indirect operating expenses	-7,131	-10,436	-2,344	-3,594
Exchange rate differences	-381	278	-91	104
Non-recurring income and expenses	-	3,656	-	3,764
<b>Results from operating activities before share of loss from associates, interest, taxes, depreciation/amortisation of intangible assets, property, plant and equipment and right-of-use assets (EBITDA)</b>	<b>17,649</b>	<b>10,559</b>	<b>6,981</b>	<b>7,417</b>
Amortisation/depreciation on intangible assets and property, plant and equipment	-6,014	-6,765	-1,998	-2,211
Depreciation of right-of-use assets	-559	-930	-188	-320
<b>Result from operating activities (EBIT)</b>	<b>11,076</b>	<b>2,864</b>	<b>4,795</b>	<b>4,886</b>
Income from financial activities	139	3,326	-1,180	790
Expenses from financial activities	-494	-402	-259	-95
Gain/loss on financial assets	231	-51	119	276
<b>Financial result</b>	<b>-124</b>	<b>2,873</b>	<b>-1,320</b>	<b>971</b>
Share of loss from associates	-191	-142	-99	-47
<b>Net profit/loss before taxes</b>	<b>10,760</b>	<b>5,595</b>	<b>3,374</b>	<b>5,810</b>
Income taxes	-3,416	942	-1,707	350
<b>Net profit</b>	<b>7,344</b>	<b>6,537</b>	<b>1,668</b>	<b>6,160</b>
Attributable to:				
Shareholders of the parent company	6,953	6,439	1,502	6,042
Non-controlling interest	392	98	167	118
<b>Earnings per share for profit attributable to ordinary shareholders of the parent company</b>	€	€	€	€
Basic and diluted earnings per share (in €/share)	0.31	0.29	0.07	0.27

<sup>1</sup> Other operating income disclosed in the Quarterly Statement 2020 includes income of €592 thousand from costs passed on in the course of the charity lottery 'freiheit+' which have been disclosed as revenue since the fiscal year 2021.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q 1–3 2021	Q 1–3 2020	Q 3 2021	Q 3 2020
In € thousand				
<b>Net profit</b>	<b>7,344</b>	<b>6,537</b>	<b>1,668</b>	<b>6,160</b>
<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 (after taxes)	10,286	561	9,975	2
<b>Other comprehensive income (after taxes)</b>	<b>10,286</b>	<b>561</b>	<b>9,975</b>	<b>2</b>
<b>Total comprehensive income (after taxes)</b>	<b>17,630</b>	<b>7,098</b>	<b>11,643</b>	<b>6,162</b>
Attributable to:				
Shareholders of the parent company	17,238	7,000	11,476	6,044
Non-controlling interest	392	98	167	118

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2021	As at 31 December 2020
<b>ASSETS</b> in € thousand.		
<b>Non-current assets</b>		
Property, plant and equipment	689	922
Right-of-use assets	4,025	4,513
Goodwill	160,885	160,885
Intangible assets	137,290	142,788
Deferred tax assets	13,428	16,852
Other investments	14,874	4,588
Shares in associated companies	647	433
Other assets	56,322	56,470
Net investment in finance lease	1,700	2,450
<b>Total non-current assets</b>	<b>389,860</b>	<b>389,902</b>
<b>Current assets</b>		
Income tax receivable	420	222
Trade receivables	1,525	1,299
Net investment in finance lease	1,169	1,225
Prepaid expenses	1,174	863
Other financial assets	8,857	14,462
Other assets	89	300
Cash, cash equivalents and pledged cash	133,032	86,061
<b>Total current assets</b>	<b>146,266</b>	<b>104,432</b>
<b>TOTAL ASSETS</b>	<b>536,126</b>	<b>494,334</b>

	As at 30 September 2021	As at 31 December 2020
<b>EQUITY &amp; LIABILITIES</b> in € thousand		
<b>Non-current liabilities</b>		
Deferred tax liabilities	49,028	50,701
Interest-bearing loans	8,700	-
Other financial liabilities	4,179	1,270
Provisions	3,751	4,345
Lease liabilities	5,227	6,405
<b>Total non-current liabilities</b>	<b>70,885</b>	<b>62,721</b>
<b>Current liabilities</b>		
Trade payables	2,611	3,608
Other financial liabilities	66,986	20,175
Other liabilities	5,910	6,753
Income tax liabilities	3,042	1,511
Provisions	468	2,264
Lease liabilities	1,843	1,741
<b>Total current liabilities</b>	<b>80,861</b>	<b>36,051</b>
<b>Equity</b>		
Subscribed capital	22,396	22,396
Capital reserves	279,971	280,132
Treasury shares	-1,411	-1,591
Other reserves	11,671	1,385
Retained earnings	65,257	85,343
<b>Equity attributable to equity holders of the parent</b>	<b>377,884</b>	<b>387,665</b>
Non-controlling interest	6,496	7,897
<b>Total equity</b>	<b>384,380</b>	<b>395,562</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>536,126</b>	<b>494,334</b>

## INTERIM CONSOLIDATED CASH FLOW STATEMENT

	Q 1-3 2021	Q1-3 2020
In € thousand		
Net profit before taxes	10,760	5,595
Adjustments for		
Amortisation/depreciation	6,014	6,795
Depreciation of right-of-use assets	559	930
Share of loss from associates	191	142 <sup>1</sup>
Interest income from net investment in finance lease	-101	-1,174 <sup>1</sup>
Other income from financial activities	-269	-2,152 <sup>1</sup>
Expenses from financial activities – lease liabilities	222	295
Other expenses from financial activities	272	107
Other non-cash income/expenses	-140	-89 <sup>1,2</sup>
Translation differences	-68	-112
Changes in		
Trade receivables	-226	-424 <sup>3</sup>
Prepaid expenses	-311	-19 <sup>3</sup>
Other financial assets	5,605	2,248 <sup>3</sup>
Other assets	211	-848 <sup>2,3</sup>
Trade payables	-997	-811 <sup>3</sup>
Other financial liabilities	49,720	-3,598 <sup>3</sup>
Other liabilities	-842	247 <sup>3</sup>
Provisions	-2,389	-3,601 <sup>3</sup>
Interest received	269	139
Interest paid	-124	-107
Income taxes paid	-351	-6,357
<b>Cash inflow/outflow from operating activities</b>	<b>68,005</b>	<b>-2,823<sup>2</sup></b>

	<b>Q 1–3 2021</b>	Q 1–3 2020
In € thousand		
<b>Cash flow from investing activities</b>		
Payment on account to the tax authority	-	-54,316 <sup>2</sup>
Receipts from sublease (finance lease)	821	464 <sup>2</sup>
Payments for acquisition of intangible assets	-184	-146
Payments for acquisition of property, plant and equipment	-98	-43
Payments for acquisition of associated companies	-404	377
Receipts from the sale of investments in funds	-	2,925
Payments made to acquire non-controlling interest	-8,699	-826
<b>Cash outflow from investing activities</b>	<b>-8,564</b>	<b>-52,319<sup>2</sup></b>
<b>Cash flow from financing activities</b>		
Payments for lease liabilities	-1,284	-2,189
Receipts from the sale of treasury shares	138	159 <sup>2</sup>
Receipts from the taking out of loans	8,700	-
Payments for dividends	-20,131	-17,887
<b>Net cash outflow from financing activities</b>	<b>-12,577</b>	<b>-19,917<sup>2</sup></b>
Net increase in cash and cash equivalents	46,863	-75,059 <sup>1</sup>
Exchange rate-related changes in cash and cash equivalents	107	17 <sup>1</sup>
Available funds at the beginning of the period	86,061	153,280
<b>Available funds at the end of the period</b>	<b>133,032</b>	<b>78,238</b>
<b>Composition of available funds</b>		
<b>Cash, cash equivalents and pledged cash at the end of the period</b>	<b>133,032</b>	<b>78,238</b>

<sup>1</sup> The cash flow statement for the first nine months of 2020 was adjusted for the following items in order to disclose figures comparable with the cash flow statement for the first nine months of 2021: Share of loss from associates, Interest income from net investment in finance lease, Other income from financial activities, Other non-cash income/expenses and Interest received.

<sup>2</sup> The cash outflows from operating activities, investing activities and financing activities disclosed in the Quarterly Statement 2020 have been adjusted to show the payment on account to the tax authority of €54,316 thousand and the proceeds from subleases of €464 thousand as cash flow from investing activities and the proceeds from the sale of treasury shares of €159 thousand as cash flow from financing activities. Exchange rate-related changes in cash and cash equivalents were also disclosed separately.

<sup>3</sup> Due to adjustments to the statement of financial position for 2019 made in the Annual Report 2020, the cash flow statement for the first nine months of 2020 was adjusted accordingly.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Currency translation adjustments	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
in € thousand									
<b>As at 1 January 2020</b>	<b>22,396</b>	<b>280,132</b>	<b>-1,903</b>	<b>874</b>	<b>164</b>	<b>95,674</b>	<b>397,337</b>	<b>8,388</b>	<b>405,725</b>
Net profit	-	-	-	-	-	6,439	6,439	98	6,537
Other comprehensive income	-	-	-	561	-164	164	561	-	561
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>561</b>	<b>-164</b>	<b>6,603</b>	<b>7,000</b>	<b>-</b>	<b>561</b>
Purchase of non-controlling interest	-	-	-	-	-	-440	-440	-386	-826
Treasury shares sold	-	-	312	-	-	-	312	-	312
Dividend payment	-	-	-	-	-	-17,887	-17,887	-	-17,887
<b>As at 30 September 2020</b>	<b>22,396</b>	<b>280,125</b>	<b>-1,591</b>	<b>1,435</b>	<b>-</b>	<b>83,950</b>	<b>386,322</b>	<b>8,100</b>	<b>394,422</b>
Net profit	-	-	-	-	-	1,723	1,723	-367	1,356
Other comprehensive income	-	-	-	-50	-	-164	-214	-	-214
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-50</b>	<b>-</b>	<b>1,559</b>	<b>-1,509</b>	<b>367</b>	<b>1,142</b>
Purchase of non-controlling interest	-	-	-	-	-	-165	-165	163	-2
<b>As at 31 December 2020</b>	<b>22,396</b>	<b>280,132</b>	<b>-1,591</b>	<b>1,385</b>	<b>-</b>	<b>85,343</b>	<b>387,665</b>	<b>7,897</b>	<b>395,562</b>
Net profit	-	-	-	-	-	6,953	6,953	392	7,344
Other comprehensive income	-	-	-	10,286	-	-	10,286	-	10,286
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,286</b>	<b>-</b>	<b>6,953</b>	<b>17,239</b>	<b>392</b>	<b>17,630</b>
Dividend payment	-	-	-	-	-	-20,127	-20,127	-4	-20,131
Purchase of non-controlling interest	-	-	-	-	-	-6,910	-6,910	-1,789	-8,699
Treasury shares sold	-	-160	-180	-	-	-	20	-	20
<b>As at 30 September 2021</b>	<b>22,396</b>	<b>279,971</b>	<b>-1,411</b>	<b>11,671</b>	<b>-</b>	<b>65,257</b>	<b>377,884</b>	<b>6,496</b>	<b>384,380</b>

## SEGMENT REPORTING

Q1-3 2021	Germany	Other	Total
in € thousand			
Revenue	61,460	3,593	65,053
Other operating income	676	2	677
Personnel expenses	-13,686	-799	-14,485
Other operating expenses and exchange rate differences	-31,897	-1,699	-33,596
Non-recurring income and expenses	-	-	-
<b>EBITDA</b>	<b>16,553</b>	<b>1,096</b>	<b>17,649</b>
Amortisation/depreciation	-	-	-6,573
<b>EBIT</b>	<b>-</b>	<b>-</b>	<b>11,076</b>
Financial result	-	-	-124
Share of loss from associates	-	-	-191
<b>Net profit before taxes</b>	<b>-</b>	<b>-</b>	<b>10,760</b>
Income taxes	-	-	-3,416
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>7,344</b>

Q1-3 2020	Germany	Other	Total
in € thousand			
Revenue	58,438 <sup>1</sup>	6,019	64,457 <sup>1</sup>
Other operating income	1,747 <sup>1</sup>	-10	1,737 <sup>1</sup>
Personnel expenses	-15,517	-1,076	-16,593
Other operating expenses and exchange rate differences	-39,433	-3,265	-42,698
Non-recurring income and expenses	3,656	-	3,656
<b>EBITDA</b>	<b>8,891</b>	<b>1,668</b>	<b>10,559</b>
Amortisation/depreciation	-	-	-7,695
<b>EBIT</b>	<b>-</b>	<b>-</b>	<b>2,864</b>
Financial result	-	-	2,873
Share of loss from associates	-	-	-142
<b>Net profit before taxes</b>	<b>-</b>	<b>-</b>	<b>5,595</b>
Income taxes	-	-	942
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>6,537</b>

<sup>1</sup> Other operating income disclosed in the Quarterly Statement 2020 includes income of €592 thousand from costs passed on in the course of the charity lottery 'freiheit+' which have been disclosed as revenue since the fiscal year 2021.

In the first nine months of 2021, ZEAL charged BildungsChancen gGmbH, Essen, costs of €1,094 thousand (2020: €592 thousand) for conducting the charity lottery 'freiheit+'. These costs are included in the billings of the Germany segment.

## BASIS OF REPORTING

This Quarterly Statement for ZEAL Network SE (the 'Company') and its subsidiaries (collectively, 'ZEAL' or 'the Group') covers the period from 1 January 2021 to 30 September 2021. The date of the interim consolidated statement of financial position is 30 September 2021. This Quarterly Statement is not an interim report pursuant to IAS 34 nor does it constitute financial statements pursuant to IAS 1. It has not been reviewed by an auditor. This Quarterly Statement should be read in conjunction with the Annual Report 2020 and the additional information about the company contained therein. You can find the Annual Report 2020 on our website at [zealnetwork.de](http://zealnetwork.de).

## FINANCIAL CALENDAR

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