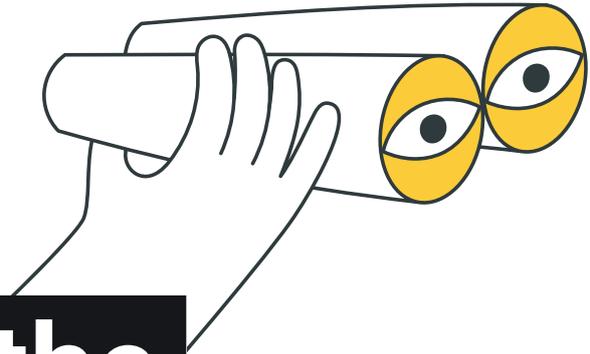


HALF-YEAR REPORT
1 JANUARY – 30 JUNE 2022



we define the future of lottery



Die Deutsche Traumhauslotterie

NEU
Schon ab 4 € pro Los

Wohne, wie du willst!
JETZT TRAUMHAUS FÜR 1 MIO. € GEWINNEN!



ZEAL

ZEAL Network SE is the leading German online broker for state lottery and other permitted lottery 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

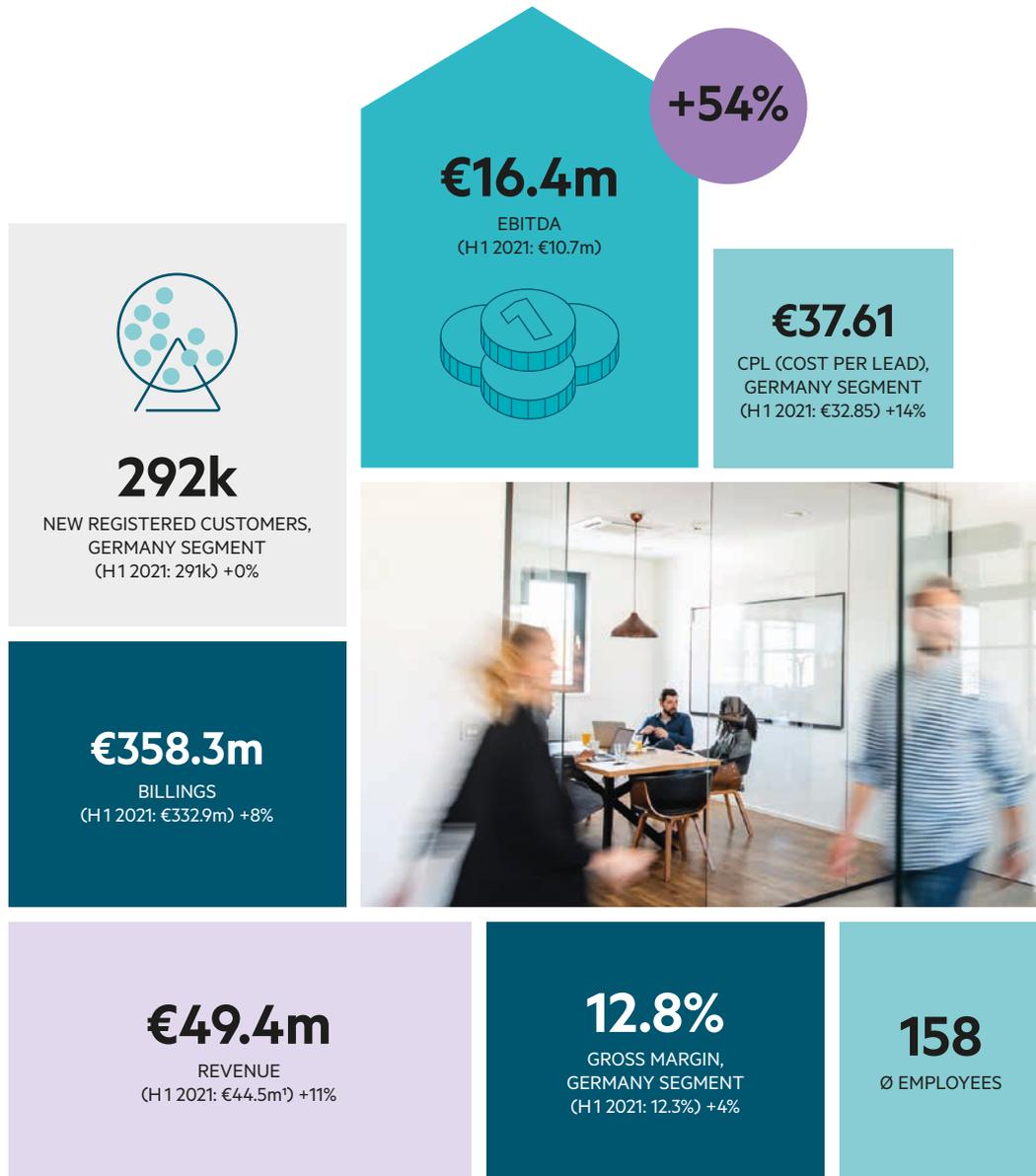
We let people dream. We make a contribution to society. Our work enables people to dream big. And with every lottery ticket sold, we are helping society by supporting good causes via our charity lotteries or via our customers playing the state lotteries.

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H1 2022

At a Glance



Continued growth and much more profitable

- Permit renewed to broker lotteries in Germany until 2029
- Growth in business volume
- Further significant increase in profitability
- Biggest jackpot win in German history brokered by LOTTO24

Definitions of the measurements disclosed above can be found in the 'Management System' section of the Group Management Report 2021.

¹ Revenue plus income from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery. This income is disclosed as other operating income, while jackpot winnings reduce revenue. Further details are provided in notes 4 and 5 to the Consolidated Financial Statements 2021.

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 half of 2022 and continued to raise our level of profitability.

The jackpot environment for our two main products varied in the first half of 2022. In the case of the German lottery 'LOTTO 6aus49', there was a positive development compared to the extremely weak jackpot situation of the previous year: in the first six months of 2022, the mandatory payout mark of €45 million was reached twice – for two consecutive draws (2021: not once). By contrast, the jackpot development for the European lottery 'Eurojackpot' was more mixed: although the new maximum jackpot – raised from €90 million to €120 million following a rule change in March 2022 – was not reached (2021: €90 million jackpot reached twice), the former limit was almost reached once (€89 million) and then exceeded for the first time in May with €106 million (due to increased stakes, the payout was even €110 million).

In the first half of 2022, there were also changes in the geopolitical and economic environment due to various events that negatively impacted consumer confidence. These include, in particular, the war in Ukraine, rising inflation, the expected further increase in interest rates and fears of an impending economic recession. We are monitoring the impact of these events on the spending behaviour of our customers very closely, but have detected only limited change so far.

We raised our billings by 8% year on year to €358.3 million¹ in the first half of 2022 (2021: €332.9 million¹). There was even stronger growth in revenue (plus reimbursements from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery disclosed in other operating income), which increased by 11% to €49.4 million (2021: €44.5 million). Due to a higher-margin product mix in the first half of 2022, our gross margin of 12.8%² was above the prior-year level (2021: 12.3%).

We continued to develop our customer base and gained 292 thousand new registered customers (2021: 291 thousand). The increase in cost per lead (CPL) to €37.61 (2021: €32.85) resulted mainly from a special offer for the charity lottery 'freiheit+' in January 2022. Without this effect, CPL would have risen much less to €34.34.

Personnel expenses remained stable at €10.3 million (2021: €10.2 million) while other operating expenses rose slightly to €24.5 million (2021: €23.7 million). Thanks to the growth of business volume and the stability of our costs, we achieved economies of scale and improved EBITDA strongly to €16.4 million (2021: €10.7 million). At €12.1 million and €9.4 million respectively, both EBIT and net profit were also well up on the corresponding prior-year figures (2021: €6.3 million and €5.7 million).

In the appeal proceedings before the German Federal Fiscal Court (Bundesfinanzhof) with regard to sales tax assessed by the tax authority (Finanzamt) Hanover-Nord against myLotto24 Ltd for the period from January 2015 to October 2019, the oral hearing took place on 3 August 2022. At the time of publication of this half-year report, the Federal Fiscal Court had not yet announced a decision.

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

² 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 reached an important milestone with LOTTO24 AG's receipt of an extension permit for lottery brokerage in Germany. This is the first permit for LOTTO24 AG under the new State Treaty on Games of Chance, applicable since 1 July 2021. It is valid for seven years until 30 June 2029. The new permit is already the second extension permit (after 2017) granted to LOTTO24 AG. The separate advertising permit required under the former State Treaty on Games of Chance is included with the new brokerage permit.

The first half of 2022 was shaped by a number of other positive developments that contributed to our growing reach as well as our business goals. In May 2022, for example, a LOTTO24 lotto club from North Rhine-Westphalia won the €110 million 'Eurojackpot' – the biggest lottery win in German history. A lottery payout of more than €90 million has only been possible since March 2022, when the maximum jackpot was raised to €120 million as part of a product change. A total of 15 players belonging to the 'JackpotSmaragd' lotto club won €6.9 million each. Lotto clubs such as 'JackpotSmaragd' are products specially developed by ZEAL that are unique in this form and not available from any other provider. They are based exclusively on the permitted lottery products and offer our customers an enhanced gaming and winning experience. Moreover, these enhanced features enable us to generate additional income.

We want to strengthen our communication with new customers and inform them about our offerings. To this end, we are running a TV campaign in Germany featuring the well-known actor Sky du Mont as brand ambassador. This TV campaign will not only strengthen our brand in the long term, but also expand our reach.

With the strategic expansion of our B2B partner portfolio, we also reached a further milestone in our growth strategy during the reporting period. Players will soon be able to access our product portfolio via a webshop on the website of the well-known news portal ntv. The cooperation with ntv is already our second major partnership in the B2B sector and testifies once again to the attractiveness of our platform. For us, the partnership represents a further expansion of our reach and the opportunity to target more precisely those customers with an affinity for news and online media.

As a provider of online lotteries, the protection of our players and the prevention of gambling addiction are our top priorities – even though the addiction potential of lottery products is low. In June 2022, we therefore entered into a cooperation with the Danish company Mindway AI to make gambling even safer in future. As part of the cooperation, artificial intelligence (AI) will be used to identify potentially addictive gambling behaviour. ZEAL has opted to use the so-called GameScanner, which works like a virtual, AI-driven psychologist and can be applied to all game types. It is one of the first products on the market that is entirely dedicated to detecting gambling problems. The cooperation underlines our claim to be the market leader also in terms of player protection and the compliance of our offerings.

The protection of minors is just as important to us as the prevention of gambling addiction. In particular, we are continuously working on making identification for age verification purposes as simple as possible – but also as secure as necessary. In July 2022, we therefore began cooperating with the Hamburg-based start-up Nect, a provider of trust services based on artificial intelligence. As part of this cooperation, we use the product Nect Ident: a fully automatic identification system also based on AI. It takes players around two minutes to identify themselves independently via an app with the aid of an ID document and a selfie video. The integrated technology not only performs a facial comparison and a document check, but also detects digital manipulation attempts. This enables us to ensure that players who register for our online offerings, for example, meet the age requirement and are actually the persons they claim to be. Thanks to the faster and less complicated registration process, we also expect accelerated new customer growth.

As a result of the COVID-19 pandemic, we held our Annual General Meeting (AGM) on 30 June 2022 for the third time as a virtual meeting. With around 78% 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, as well as the appointment of the auditors, the agenda included a resolution on the appropriation of the distributable profit and elections to the Supervisory Board. Due to the positive liquidity situation of the ZEAL Group and the expected further increase in profitability, the Management Board and the Supervisory Board had proposed a total distribution of €47.0 million (2020: €20.1 million). This corresponds to a basic dividend of €1.00 per share for the fiscal year 2021 (2020: €0.90) and a special dividend of €1.10 per share, making a total dividend of €2.10 per share. The payout was made on 4 July 2022. In addition to the first-time approval of the Remuneration Report (adopted by around 93% of voting capital), the proposed authorisation to acquire and use treasury shares was also adopted with a large majority of votes.

Our guidance for billings, revenue and EBITDA remains unchanged. For the fiscal year 2022, we still plan to maintain our position as the leading online provider of lottery products and to launch new products, including online games based on the permit for virtual slot machine games we applied for. Depending on the general conditions – in particular the jackpot development – we continue to anticipate billings of at least €750 million for the Germany segment. Moreover, we still expect revenue to be at least €105 million in fiscal year 2022. EBITDA is expected to reach at least €30 million. Compared to the previous year, we plan to invest significantly more in the acquisition of new customers and expect marketing expenses of around €30 million.

Hamburg, 10 August 2022

The Management Board



Dr Helmut Becker
Chief Executive Officer



Paul Dingwitz
Chief Technology Officer



Sönke Martens
Chief Operations 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

This operating segment comprises the results of the online lottery brokerage business and the charity lottery 'freiheit+' of the Group in Germany. 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 charitable organisation ONCE in Spain and our investments in early-stage start-ups under ZEAL Ventures.

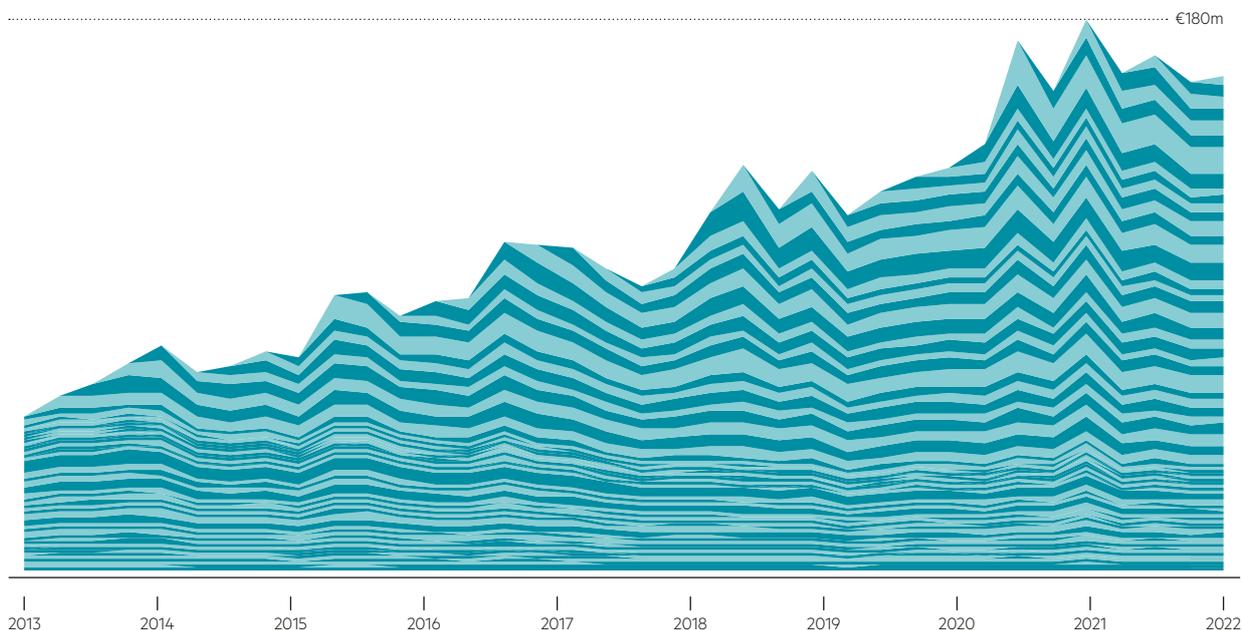
COMPELLING BUSINESS MODEL

In our largest segment, Germany, we broker lottery products via the Internet (lotto24.de, tipp24.de) and receive brokerage commissions from the lottery operators. The winnings are also covered by the lottery operators. We can therefore generate income from the products of the German Association of State Lottery Companies (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', lotto 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, Essen:

- 'freiheit+', launched in March 2020 under the Tipp24 brand and in November 2020 under the LOTTO24 brand.
- 'Traumhauslotterie', launched in January 2022 under both brands.

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

BILLINGS PER CUSTOMER GENERATION (LOTTO24 AND TIPP24, QUARTERLY)



STRATEGY

On the basis of the business segments presented above, our objectives are:

- Continue to expand our tried and trusted business models, especially in Germany and Spain.
- Offer new lotteries and games.
- Discover gaming innovations in order to tap further target groups, gain important market knowledge and to test new product ideas quickly and cheaply.

Our Marketing and IT departments play a key role in these endeavours.

VALUE-ORIENTED CORPORATE GOVERNANCE

Management and control

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

Paul Dingwitz is responsible for Technology, Data Systems, Cyber Security, B2B and Platform Sales, and Human Resources.

Sönke Martens is responsible for B2C Sales, Marketing, Brand Management, Products and Customer Service.

Jonas Mattsson is responsible for Finance, Accounts, Taxes, Controlling, Investor Relations and the management of business activities in Spain.

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** (stakes placed by customers, influenced both by the variety and attractiveness of our product portfolio and the efficiency of customer retention measures).
- **Revenue** (commission for brokered and remitted tickets/stakes as well as additional/ticket fees).
- **EBITDA** (earnings before interest, taxes, depreciation and amortisation – represents the Group's operating earnings over a certain 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 (not including CRM costs, customer service, etc.) 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).

- **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.

Non-financial indicators

In addition to our key financial performance indicators, since the Business Model Change, we also use certain non-financial KPIs to help steer the business. These include:

- **Number of new registered customers:** customers who have successfully completed the registration process on our websites.
- **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 151 at 30 June 2021 to 162 at 30 June 2022.

RESEARCH & DEVELOPMENT

After investing a large part of our development capacity in major projects such as the Business Model Change of Tipp24, the merger of the LOTTO24 and Tipp24 platforms and adapting to the requirements of the State Treaty on Games of Chance, we were able to focus in the first half of 2022 on driving those improvements that have a direct and tangible impact on the customer experience.

One area of focus was the enhancement of gaming experiences within the customer's circle of friends. We tested this feature with customers and the response was extremely positive. We also pressed ahead with functionalities for giving tickets as gifts. Moreover, the user-friendliness of the new customer experience was significantly enhanced, leading to a noticeable improvement in converting visitors to our websites and users of our apps into playing customers. Moreover, we also invested in the further personalisation of the customer experience; for example, we can present different offers to new and existing customers and also make product recommendations based more on the customer's individual preferences. The playing experience of charity lotteries 'freiheit+' and 'Deutsche Traumhauslotterie' was made more attractive with new features and campaign tools.

In addition, we made further progress with the restructuring of our platform architecture. This involved removing further parts from the remaining legacy architecture and converting them into separate and thus more maintenance-friendly components. Work on the complete transition of the monolithic legacy architecture will probably continue for another 12 months. In addition, a complete redevelopment of the platform's main data warehouse was begun to enable, for example, the provision of real-time contextual data in order to personalise the customer experience. Furthermore, we made preparations to achieve significant speed improvements via a modified architecture of the platform's front end, which has already been proven in limited tests.

The LOTTO24 website was optimised to coincide with the launch of a TV campaign.

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-permitted lottery products via the Internet. Our subsidiary LOTTO24 AG holds the corresponding permit. 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 permit models for virtual slot machines (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. Germany's federal states are planning to establish a national gambling supervision authority. The powers currently spread among the various federal states are to be gradually transferred to this central authority by 1 January 2023. The Gambling Council, which was previously used to bundle the decisions of the federal states, is to be dissolved in the medium term.

The GlüStV includes regulations affecting all game formats, which are also relevant for commercial game brokerage (for example on player identification, advertising or blacklists). As expected, Germany's federal states have maintained their state monopoly for lotteries, with the exception of lotteries with low risk potential (charity lotteries). Moreover, the GlüStV makes a distinction in many areas between classic lottery offerings, with no more than two draws per week, and all other offerings, such as sports betting and online games, as well as online instant lotteries and 'Keno'. The specific regulations for commercial lottery brokerage remained largely unchanged.

In addition, the previous requirement to strictly separate gaming formats on different websites was abolished. Subject to certain restrictions, game providers are now permitted to offer different game formats via the same Internet domain.

PERMITS TO BROKER AND ORGANISE GAMES OF CHANCE

On 23 May 2022, LOTTO24 AG received an extension permit to broker lotteries throughout Germany for the period 1 July 2022 to 30 June 2029.

LOTTO24 AG had received its first permit to broker state lotteries via the Internet throughout Germany on 24 September 2012. With a decision dated 26 July 2017, the Ministry of the Interior for Lower Saxony granted an extension permit valid until 30 June 2021. In accordance with section 29 GlüStV, the validity of this permit was extended until 30 June 2022 when the new State Treaty on Games of Chance came into force.

With a decision dated 29 March 2018, the responsible Ministry of the Interior for Lower Saxony granted LOTTO24 AG the first permit for the online brokerage of state-operated instant lotteries (scratch cards). It now applies to the federal states of Lower Saxony, Saxony, Hesse and North Rhine-Westphalia, where the state lottery companies have also received a corresponding game permit. As a result, more than 50% of the adult German population already have access to scratch cards on the Internet. We intend to apply for the corresponding supplements in the states of Schleswig-Holstein and Baden-Württemberg in the near future.

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

In July 2021, and thus directly at the beginning of the application phase, LOTTO24 AG already applied for a permit to operate virtual slot machine games (online games). The application is still being reviewed by the authorities. According to our information, the reason for the delay is that there is uncertainty among some federal states as to whether providers of state lotteries may also offer virtual slot machine games on the same website. This uncertainty is currently also affecting the granting of permits for commercial gaming brokers. This problem is not confined to LOTTO24 AG or ZEAL Network SE. We assume that the issues – which in our view are political – will be resolved by the gambling supervision authority within the next few months and that the corresponding permits will be issued. In our opinion, the legal situation is clear and there is thus no reason not to grant LOTTO24 AG such a permit. At the moment, however, we are unable to make a reliable assessment of how long the coordination process among the federal states will take.

According to the provisions of the GlüStV 2021, there is no need for a separate advertising permit. Any advertising law requirements will be applied via corresponding ancillary provisions in the nationwide brokerage permit.

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 permits issued and the permit fees charged. We have also challenged parts of the brokerage permit granted to LOTTO24 AG on 23 May 2022 in order to review the legality of the restrictions it still contains. In further proceedings before the Hamburg Administrative Court, LOTTO24 AG has challenged the fees set by the supervisory authority for the allocation of brokerage fees. In its ruling of 13 May 2022, the Hamburg Administrative Court upheld our action and reduced the fees by half. The ruling is not yet legally binding.

MYLOTTO24 CONTINUES TO CONTEST VAT ASSESSMENT

In proceedings brought by myLotto24 Ltd, London, United Kingdom ("myLotto24") against the assessment of VAT on sales from the former secondary lottery business, the Fiscal Court of Hanover (Finanzgericht Hannover) had upheld myLotto24's claim on 19 November 2019. The tax authority has appealed the verdict. The oral hearing took place on 3 August 2022 before the German Federal Fiscal Court (Bundesfinanzhof). At the time of publication of this half-year report, the Federal Fiscal Court had not yet announced a decision.

In January 2020, myLotto24 had paid a partial amount of around €54 million in VAT relating to its former secondary lottery business without prejudice. In a previous decision on temporary relief, the fiscal court had dismissed myLotto24's application to order a stay of execution of VAT determined for the months May and June 2018 without the provision of security.

In Austria, myLotto24 filed a complaint against tax assessments issued for periods in 2011 and 2012, in particular the basis for assessment used, which the tax authority has now submitted to the Austrian Federal Fiscal Court for a ruling. The Austrian tax authority is of the opinion that betting on the outcome of lotteries in the former business model is to be regarded as gambling, as lotteries are also deemed to be gambling. Based on this legal opinion, the tax authority issued corresponding tax assessments in November and December 2021, initially for the above-mentioned periods. We believe that the levy rate for betting, respectively the tax rate for gambling, of 40% is applicable to the Austrian gross gaming stakes. This would result in an outstanding tax payment of €2.1 million.

ECONOMIC CONDITIONS

HUGE POTENTIAL OF ONLINE SEGMENT

Around 69.4 million adults live in Germany¹, of whom 27.9 million play lotto occasionally or regularly². This corresponds to 40% of all adult Germans. According to our latest survey of 4,076 internet users in November 2021, as many as 49% of respondents had played lotto in the last six months. It is interesting to note that the share of offline lottery players surveyed who can imagine playing lotto online in future has risen from 48% to 69% since 2020. Translated to 28.9 million lotto players, this represents a market potential of 19.9 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 billion³ (of which around €7.3 billion offline), this corresponds to potential total online lottery revenue of €6.7 billion (€5.0 billion more than the current online lottery market volume of €1.7 billion).

¹Source: Statistisches Bundesamt © Statista 2022, 'Bevölkerung - Zahl der Einwohner in Deutschland nach relevanten Altersgruppen am 31. Dezember 2021 (in Millionen)'

²Source: IfD Allensbach © Statista 2022, 'Anzahl der Personen in Deutschland, die Lotto oder Toto spielen, nach Häufigkeit von 2018 bis 2022 (in Millionen)'

Note: the statistics refer to German-speaking persons over the age of 14 who occasionally or regularly play 'Lotto' or 'Toto'. Since participation in the game is only legally permitted for adults and we do not regard the share of non-German-speaking players and 'Toto' players as significant, we make the simplifying assumption that the total and percentage figures stated essentially comprise German adult lottery players.

³Source: Goldmedia 'Glücksspielmarkt Deutschland 2020', June 2020

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:

- As online lottery offerings were completely forbidden until mid 2012, we anticipate further strong growth in the number of stakes. 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 (54%¹), Sweden (46%¹) and the UK (30%¹) is much higher than in Germany.
- The growing importance of e-commerce as a sales channel and mobile offerings are also strengthening this trend: in the first half of 2021, the proportion of music sold online in Germany was already 79%². In 2020, 65% of the German population used the Internet for banking³ and 67% of trips were sold online in 2020⁴.

¹ Source: La Fleur's 2020 European Lottery Abstract (based on figures for 2019)

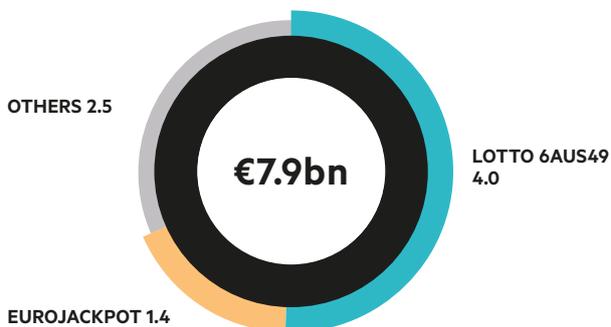
² Source: BVMI Half-Year Report 2021

³ Source: Eurostat © Statista 2022, 'Anteil der Bevölkerung in Deutschland, die das Internet für Online-Banking nutzen, in den Jahren 2006 bis 2021'

⁴ Source: vir, 'Daten & Fakten zum Online-Reisemarkt 2021'

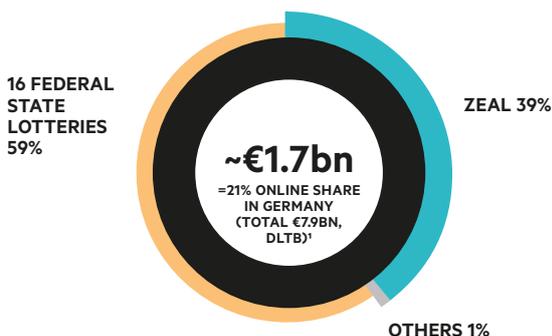
STAKES DEUTSCHER LOTTO- UND TOTOBLOCK 2021¹

in € billion



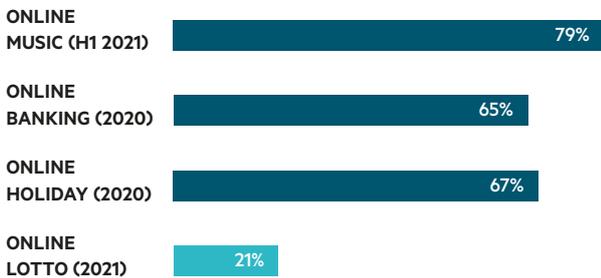
¹ According to information of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock, DLTB')

SHARE OF ONLINE MARKET 2021



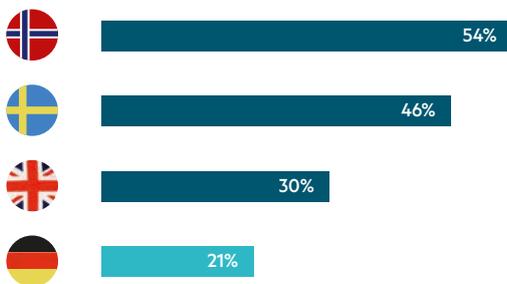
¹ Source: According to information of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock, DLTB') and calculations of the German Lottery Association ('Deutscher Lottoverband, DLV')

ONLINE SHARE OF TOTAL MARKET¹



¹ Source: BVMI Half-Year Report 2021, Eurostat © Statista 2021, vir, Daten & Fakten zum Online-Reisemarkt 2021

ONLINE SHARE OF LOTTERY MARKET¹



¹ Source: La Fleur's 2020 European Lottery Abstract (based on figures for 2019) and German Association of State Lottery Companies (DLTB)/German Lottery Association (DLV) (based on figures for 2020).

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 billion¹, 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.

¹ Source: Goldmedia 'Glücksspielmarkt Deutschland 2020', June 2020

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 permitted to operate in Germany.

According to information of the relevant Ministry of the Interior for Lower Saxony, 11 private commercial gaming brokers had valid brokerage permits at the end of the reporting period – in addition to the state-owned companies. However, the advertising activities of our private competitors with permits in Germany were once again very modest in the first half of 2022.

The advertising pressure from secondary lottery providers with no German permit 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.

BETTER JACKPOT DEVELOPMENT THAN IN PREVIOUS YEAR

Jackpots are a major driver of our billings volume. We expect particularly strong increases in the activity rate and number of registered customers when potential players have greater expectations of exceptional winnings, in other words whenever there are large jackpots.

The jackpot environment for our two main products varied in the first half of 2022. In the case of 'LOTTO 6aus49', there was a positive development compared to the extremely weak jackpot situation of the previous year: in the first six months of 2022, the mandatory payout mark of €45 million was reached twice – for two consecutive draws (2021: not once). By contrast, the jackpot development for the European lottery 'Eurojackpot' was more mixed: although the new maximum jackpot – raised from €90 million to €120 million following a rule change in March 2022 – was not reached (2021: €90 million jackpot reached twice), the former limit was almost reached once (€89 million) and then exceeded for the first time with €106 million.

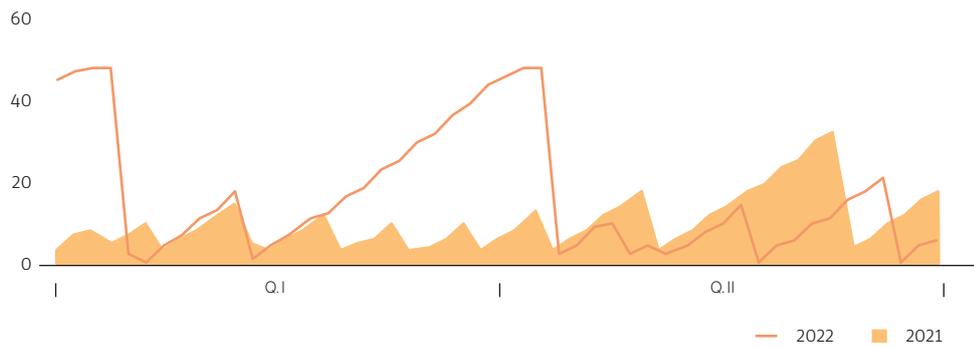
NEGATIVE DEVELOPMENT OF THE GEOPOLITICAL AND ECONOMIC ENVIRONMENT

In the first half of 2022, the e-commerce sector was severely affected by several changes in the geopolitical and economic environment. These include, in particular, the war in Ukraine, rising inflation, the expected significant increase in interest rates and fears of a financial market collapse. All of this is having a noticeable impact on consumer confidence within the e-commerce sector, although the impact on the spending behaviour of our customers for lottery products can only be observed to a limited extent so far.

JACKPOT DEVELOPMENT LOTTO 6AUS49 AND EUROJACKPOT

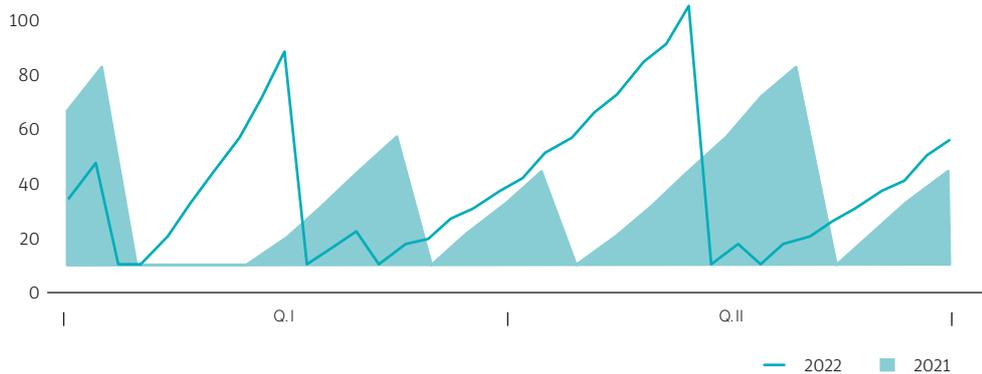
LOTTO 6aus49

in € million



Eurojackpot

in € million



RESULTS OF OPERATIONS AND FINANCIAL POSITION

Summary of financial results	H 1 2022	H 1 2021	Change in %
in € thousand			
Revenue	49,376	41,067 ¹	20%
Other operating income	1,824	3,822 ¹	-52%
Personnel expenses	-10,280	-10,249	0%
Other operating expenses	-24,492	-23,682	3%
Marketing expenses	-13,941	-13,761	1%
Direct operating expenses	-4,981	-5,135	-3%
Indirect operating expenses	-5,570	-4,786	16%
Exchange rate differences	19	-290	-107%
EBITDA	16,447	10,668	54%
Amortisation and depreciation	-4,302	-4,387	-2%
EBIT	12,145	6,281	93%
Financial KPIs and other indicators			
Billings (in € thousand)	358,320	332,852	8%
Revenue (in € thousand)	49,376	41,067 ¹	20%
EBITDA (in € thousand)	16,447	10,668	54%
Gross margin (%), Germany segment	12.8%	12.3%	4%
Number of new registered customers (thousand), Germany segment	292	291	0%
CPL (€), Germany segment	37.61	32.85	14%
MAU (thousand), Germany segment	1,025	967	6%
ABPU (€), Germany segment	58.25	57.36	2%

¹ Revenue and other operating income for the first half-year 2021 were adjusted from the figures stated in the Half-Year Report 2021. Income of €3,450 thousand from insurance reimbursements to compensate for jackpot winnings from the 'freiheit+' charity lottery is now disclosed as other operating income and no longer as revenue.

REVENUE

In the first six months of 2022, revenue rose by 20% (€8,308 thousand). Adjusted for reimbursements of €3,450 thousand received in the first half-year from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery (which reduce revenue), included under other operating income in the first half of 2021, our revenue still increased by 11% (€4,848 thousand). In the Germany segment, the increase even amounted to 13% (€5,282 thousand) – much stronger than the 8% growth in domestic billings.

PERSONNEL EXPENSES

The average number of employees (FTEs, excluding students and temporary staff) remained stable at 158 in the first six months of 2022. Likewise, personnel expenses were virtually unchanged at €10,280 thousand (2021: €10,249 thousand).

OTHER OPERATING EXPENSES

In the first six months of 2022, other operating expenses rose by 3% (€810 thousand):

- **Marketing expenses** increased slightly by 1% (€180 thousand).
- Despite the 8% growth in our domestic billings, **direct operating expenses** fell slightly by 3% (€153 thousand). This development is attributable to the improvement in receivables management and further efficiency measures.
- **Indirect operating expenses** rose by 16% (€784 thousand) mainly due to a special item in the previous year (reversal of a provision for litigation amounting to €400 thousand), as well as an increase in insurance costs of €240 thousand.

EBITDA

In the first six months of 2022, EBITDA grew by 54% (€5,779 thousand). We kept our costs stable and thus achieved economies of scale from the increase in business volume.

AMORTISATION AND DEPRECIATION

In the first half of 2022, amortisation and depreciation fell slightly by 2% (€85 thousand).

KEY PERFORMANCE INDICATORS

Thanks to an improved jackpot environment and the continued growth of our customer base, billings of our online brokerage business grew by 8% (€25,468 thousand) in the first six months of 2022 – despite numerous changes in the geopolitical and economic environment that negatively impacted consumer confidence. Due to a higher-margin product mix in the first six months of 2022, our gross margin rose to 12.8% (2021: 12.3%). This means that our revenue growth in the Germany segment was stronger than the increase in billings.

We made further investments in the development of our customer base and gained 292 thousand new registered customers (2021: 291 thousand). The increase in cost per lead (CPL) to €37.61 (2021: €32.85) resulted mainly from a special offer for the charity lottery 'freiheit+' in January 2022. Without this effect, CPL would have risen much less to €34.34. The average number of our active users per month (MAU) and average billings per customer (ABPU) in the Germany segment rose to 1,025 thousand and €58.25, respectively, in the first six months of 2022 (2021: 967 thousand and €57.36).

CASH FLOW

	H 1 2022	H 1 2021
in € thousand		
Cash inflow/outflow from operating activities	14,197	8,194
Cash inflow/outflow from investing activities	-495	38
Cash outflow from financing activities	-2,496	-20,997
Other changes in available funds	-1	108
Change in available funds	11,207	-12,657
Available funds at the beginning of the period	90,100	86,061
Available funds at the end of the period	101,306	73,404

In the first six months of 2022, cash, cash equivalents and pledged cash increased by €11,207 thousand to €101,306 thousand (2021: decrease of €12,657 thousand).

The cash inflow from operating activities in the first half of 2022 amounted to €14,197 thousand (2021: €8,194 thousand). This resulted mainly from EBITDA of €16,447 thousand.

In the first six months of 2022, the cash outflow from investing activities amounted to €495 thousand (2021: €39 thousand). This outflow was mainly due to capital expenditure of €751 thousand, as well as investments of €365 thousand in the associated company TH Travel Limited. This was offset by payments received from sub-letting of €621 thousand (2021: €475 thousand).

The cash outflow from financing activities in the first six months of 2022 amounted to €-2,496 thousand (2021: €-20,997 thousand). This outflow relates to lease payments of €1,368 thousand (2021: €1,004 thousand) made by the Group for its offices in London and Hamburg and the dividend payouts of

LOTTO24 AG to minority interests of €1,242 thousand. In contrast to the first half of 2021, the dividend of ZEAL Network SE amounting to €46,971 thousand had not yet been paid out as at 30 June 2022 (2021: payout of €20,131 thousand).

ASSET POSITION

in € thousand	30 June 2022	31 December 2021
Total non-current assets	322,381	327,067
Total current assets	172,643	176,331
Total Assets	495,025	503,398

Total non-current assets decreased by €4,685 thousand from €327,067 thousand at 31 December 2021 to €322,381 thousand at 30 June 2022. This decline is primarily driven by scheduled amortisation of the customer list amounting to €3,683 thousand.

Total current assets decreased by €3,688 thousand from €176,331 thousand at 31 December 2021 to €172,643 thousand at 30 June 2022. This was mainly due to the reduction in receivables from gaming operations of €15,761 thousand and the increase in cash, cash equivalents and pledged cash of €11,207 thousand.

EQUITY AND LIABILITIES

in € thousand	30 June 2022	31 December 2021
Total non-current liabilities	66,689	69,797
Total current liabilities	81,275	48,660
Total equity	347,061	384,942
Total Equity and liabilities	495,025	503,398

Total non-current liabilities decreased by €3,108 thousand, from €69,797 thousand at 31 December 2021 to €66,689 thousand at 30 June 2022. This decrease is attributable to the utilisation of deferred tax liabilities on the customer list of €1,189 thousand as well as the partial reclassification of a bank loan amounting to €1,088 thousand from non-current to current liabilities.

Total current liabilities increased by 32,615 thousand from €48,660 thousand at 31 December 2021 to €81,275 thousand at 30 June 2022. This development mainly results from the liability for the dividend of ZEAL Network SE amounting to €46,971 thousand, which had been adopted by the Annual

General Meeting on 30 June 2022 but not yet paid out by the reporting date. This was opposed by a reduction in liabilities from gaming operations of €13,508 thousand, which can be attributed to the natural fluctuations of gaming operations.

Equity at 30 June 2022 decreased by €37,880 thousand, from €384,942 thousand at 31 December 2021 to €347,061 thousand. This change is primarily driven by the dividend of ZEAL Network SE, which was opposed by the net profit of €9,432 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 2021. There were no significant changes in the opportunities and risks in the period up to 30 June 2022.

FORECAST REPORT

EXPECTED EARNINGS POSITION

For the fiscal year 2022, we still plan to maintain our market leadership as an online provider of lottery products and to launch new products, including online games on the basis

of the licence for virtual slot machine games we applied for. Depending on the general conditions – especially the jackpot development – we continue to expect billings of at least €750 million for the Germany segment. Moreover, we still expect revenue to reach at least €105 million in fiscal year 2022. EBITDA of at least €30 million is anticipated. Compared to the previous year, we plan to invest significantly more in the acquisition of new customers and expect marketing expenses of around €30 million.

	2022	2021
	Guidance	Actual
in € million		
Billings (Germany segment)	At least 750	656.5
Revenue (plus reimbursements from jackpot insurance ¹)	At least 105	86.8
EBITDA ²	At least 30	27.7

¹ Income from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery. This income is disclosed as other operating income, while jackpot winnings reduce revenue. Further details are provided in notes 4 and 5 to the Consolidated Financial Statements 2021

² Result from operating activities before amortisation and depreciation.

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.

Hamburg, 10. August 2022

The Management Board

Interim Consolidated Financial Statements

INTERIM CONSOLIDATED INCOME STATEMENT

	H 1 2022	H 1 2021	Q 2 2022	Q 2 2021
in € thousand				
Revenue	49,376	41,067 ¹	24,261	18,447 ¹
Other operating income	1,824	3,821	1,553	3,645 ¹
Personnel expenses	-10,280	-10,249	-6,164	-5,088
Other operating expenses	-24,492	-23,682	-12,137	-10,800
Marketing expenses	-13,941	-13,761	-6,657	-6,708
Direct operating expenses	-4,981	-5,135	-2,502	-2,361
Indirect operating expenses	-5,570	-4,786	-2,978	-1,732
Exchange rate differences	19	-290	3	-103
Result 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)	16,447	10,668	7,516	6,101
Amortisation/depreciation on intangible assets and property, plant and equipment	-3,903	-4,016	-1,951	-1,997
Depreciation of right-of-use assets	-399	-371	-211	-185
Result from operating activities (EBIT)	12,145	6,281	5,354	3,919
Income from financial activities	952	1,319	766	681
Expenses from financial activities	-383	-235	-224	-97
Gain/loss on financial assets	-370	112	-185	45
Financial result	199	1,196	357	629
Share of loss from associates	-97	-92	-54	-42
Net profit before taxes	12,247	7,385	5,657	4,506
Income taxes	-2,815	-1,709	-1,232	-1,314
Net profit	9,432	5,676	4,426	3,192
Attributable to:				
Shareholders of the parent company	9,067	5,451	4,255	3,023
Non-controlling interest	364	225	169	169
Earnings per share for profit attributable to shareholders of the parent company				
Basic and diluted earnings per share (in €/share)	0.41	0.24	0.19	0.14

¹ Revenue and other operating income for the first half-year 2021 were adjusted from the figures stated in the Half-Year Report 2021. Income of €3,450 thousand from insurance reimbursements to compensate for jackpot winnings from the 'freiheit+' charity lottery is now disclosed as other operating income and no longer as revenue.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	H 1 2022	H 1 2021	Q 2 2022	Q 2 2021
in € thousand				
Net profit	9,432	5,676	4,426	3,192
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	758	311	503	20
Items that may be reclassified to profit or loss in subsequent periods				
Exchange differences on translation of foreign operations, net of tax	-	-	-	-
Other comprehensive income (after taxes)	758	311	503	20
Total comprehensive income (after taxes)	10,190	5,987	4,928	3,212
Attributable to				
Shareholders of the parent company	9,825	5,762	4,759	3,043
Non-controlling interest	364	225	169	169

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2022	31 December 2021
ASSETS in € thousand		
Non-current assets		
Property, plant and equipment	678	617
Right-of-use assets	2,705	3,838
Goodwill	158,585	158,585
Intangible assets	132,306	135,551
Deferred tax assets	9,699	11,908
Other investments	15,835	14,666
Shares in associated companies	539	272
Other assets	-	-
Net investment in finance lease	2,034	1,630
Total non-current assets	322,381	327,067
Current assets		
Income tax receivables	118	125
Trade receivables	1,702	1,791
Net investment in finance lease	987	1,196
Prepaid expenses	1,649	1,498
Other financial assets	10,745	25,972
Other assets	56,136	55,649
Cash, cash equivalents and pledged cash	101,306	90,100
Total current assets	172,643	176,331
TOTAL ASSETS	495,025	503,398

	30 June 2022	31 December 2021
EQUITY & LIABILITIES in € thousand		
Non-current liabilities		
Deferred tax liabilities	47,294	48,437
Interest-bearing loans	6,525	7,613
Other financial liabilities	4,761	4,821
Provisions	3,857	4,001
Lease liabilities	4,251	4,924
Total non-current liabilities	66,689	69,797
Current liabilities		
Trade payables	2,946	3,699
Interest-bearing loans	2,175	1,088
Other financial liabilities	64,112	31,102
Other liabilities	4,866	6,461
Income tax liabilities	5,677	3,942
Provisions	40	358
Lease liabilities	1,458	2,009
Total current liabilities	81,275	48,660
Equity		
Subscribed capital	22,396	22,396
Capital reserves	279,952	279,971
Treasury shares	-1,249	-1,411
Other reserves	11,231	10,473
Retained earnings	28,890	66,794
Equity attributable to shareholders of the parent company	341,220	378,223
Non-controlling interest	5,841	6,719
Total equity	347,061	384,942
TOTAL EQUITY & LIABILITIES	495,025	503,398

INTERIM CONSOLIDATED CASH FLOW STATEMENT

	H 1 2022	H 1 2021
in € thousand		
Net profit before taxes	12,247	7,385
Adjustments for		
Amortisation/depreciation	3,903	4,016
Depreciation of right-of-use assets	399	371
Share of loss from associates	97	92
Net gains/losses from the de-recognition of investments in associates	-411	-
Interest income from net investment in finance lease	-83	-70
Other income from financial activities	-458	-1,361
Expenses from financial activities – lease liabilities	119	152
Other expenses from financial activities	142	83
Other non-cash income/expenses	107	-129
Translation differences	-20	-71
Changes in		
Trade receivables	89	-122
Prepaid expenses	-151	-232
Other financial assets	15,227	-304
Other assets	-29	177
Trade payables	-754	-983
Other financial liabilities	-14,015	2,257
Other liabilities	-1,601	-1,494
Provisions	-463	-1,427
Interest received	-	150
Interest paid	-142	-83
Income taxes paid	-6	-214
Cash inflow/outflow from operating activities	14,197	8,194

	H 1 2022	H 1 2021
in € thousand		
Cash flow from investing activities		
Receipts from sublease (finance lease)	621	475
Payments for the acquisition of intangible assets	-529	-104
Payments for the acquisition of property, plant and equipment	-222	-98
Payments for the acquisition of associated companies	-365	-235
Cash inflow/outflow from investing activities	-495	38
Cash flow from financing activities		
Payments for lease liabilities	-1,368	-1,004
Receipts from the sale of treasury shares	114	138
Payments for dividends	-1,242	-20,131
Net cash outflow from financing activities	-2,496	-20,997
Net increase/decrease in cash and cash equivalents	11,207	-12,765
Exchange rate-related changes in cash and cash equivalents	-1	108
Available funds at the beginning of the period	90,100	86,061
Available funds at the end of the period	101,306	73,404
Cash, cash equivalents and pledged cash at the end of the period	101,306	73,404

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									
As at 1 January 2021	22,396	280,132	-1,591	1,385	-	83,043	385,365	7,897	393,262
Dividend payment	-	-	-	-	-	-20,127	-20,127	-4	-20,132
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-161	180	-	-	-	19	-	19
Net profit	-	-	-	-	-	5,451	5,451	225	5,676
Other comprehensive income	-	-	-	311	-	-	311	-	311
Total comprehensive income	-	-	-	311	-	5,451	5,762	225	5,987
As at 30 June 2021	22,396	279,972	-1,411	1,696	-	68,366	371,019	8,118	379,137
Dividend payment	-	-	-	-	-	-	-	-	-
Purchase of non-controlling interest	-	0	-	-	-	-6,910	-6,910	-1,789	-8,699
Sale of treasury shares	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	5,338	5,338	390	5,728
Other comprehensive income	-	-	-	8,777	-	-	8,777	-	8,777
Total comprehensive income	-	-	-	8,777	-	5,338	14,114	390	14,505
As at 31 December 2021	22,396	279,971	-1,411	10,473	-	66,794	378,222	6,719	384,942
Dividend payment	-	-	-	-	-	-46,971	-46,971	-1,242	-48,213
Purchase of non-controlling interest	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-19	162	-	-	-	143	-	143
Net profit	-	-	-	-	-	9,067	9,067	364	9,432
Other comprehensive income	-	-	-	758	-	-	758	-	758
Total comprehensive income	-	-	-	758	-	9,067	9,825	364	10,190
As at 30 June 2022	22,396	279,952	-1,249	11,231	-	28,890	341,220	5,841	347,061

Notes to the Interim Consolidated Financial Statements

1. GENERAL INFORMATION

The unaudited 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 2022 to 30 June 2022. The date of the interim consolidated statement of financial position is 30 June 2022.

BASIS OF PREPARATION

These condensed interim financial statements for the first six months of 2022 (reporting period: 1 January 2022 to 30 June 2022) 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,
- 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 2021,
- have not been audited nor been subjected to an auditor's review.

The interim financial statements and the interim management report have been approved for publication by a resolution of the Management Board on 10 August 2022.

GENERAL ACCOUNTING PRINCIPLES

The same accounting policies were used for these interim financial statements as for the consolidated financial statements as of 31 December 2021 in which the corresponding details are also provided.

Other amendments to 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

The Group's reportable operating segments reflect the management structure of the Group, the way performance is evaluated, and the way resources are allocated by the Chief Operating Decision Maker (CODM), being the Management Board. The ZEAL Group uses the following segments:

Germany

This operating segment comprises the results of the online lottery brokerage business and of the Group's charity lotteries in Germany. Its cost base includes direct operational costs as well as the Group's shared costs.

Other

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

SEGMENT REPORTING

H1 2022	Germany	Other	Total
in € thousand			
Revenue	47,114	2,262	49,376
Other operating income	622	1,202	1,824
Personnel expenses	-9,389	-890	-10,280
Other operating expenses and exchange rate differences	-23,381	-1,092	-24,473
EBITDA	14,965	1,482	16,447
Amortisation/depreciation	-	-	-4,302
EBIT	-	-	12,145
Financial result	-	-	199
Share of loss from associates	-	-	-97
Net profit before taxes	-	-	12,247
Income taxes	-	-	-2,815
Net profit	-	-	9,432

H1 2021	Germany	Other	Total
in € thousand			
Revenue	38,381 ¹	2,686	41,067 ¹
Other operating income	3,820 ¹	2	3,822 ¹
Personnel expenses	-9,661	-588	-10,249
Other operating expenses and exchange rate differences	-22,765	-1,207	-23,972
EBITDA	9,776	893	10,668
Amortisation/depreciation	-	-	-4,387
EBIT	-	-	6,281
Financial result	-	-	1,196
Share of loss from associates	-	-	-92
Net profit before taxes	-	-	7,385
Income taxes	-	-	-1,709
Net profit	-	-	5,676

¹ Revenue and other operating income for the first half-year 2021 were adjusted from the figures stated in the Half-Year Report 2021. Income of €3,450 thousand from insurance reimbursements to compensate for jackpot winnings from the 'freiheit+' charity lottery is now disclosed as other operating income and no longer as revenue.

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.

	H 1 2022	H 1 2021
in € thousand		
Current income tax expense	-1,748	-1,159
Deferred tax income (+)/ expense (-)	-1,067	-550
Total income (+)/ expense (-)	-2,815	-1,709

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. The release offsets the tax impact of the amortisation of the acquired intangible assets.

4. CONTINGENT LIABILITY

The Management Board continues to closely monitor any changes in areas where a contingent liability has been previously disclosed. As disclosed in note 29 to the 2021 Consolidated Financial Statements, there is significant uncertainty as to whether VAT is due in respect of certain services provided by myLotto24. If myLotto24's action currently pending before the German Federal Fiscal Court against a corresponding tax assessment notice is unsuccessful, the potential financial impact at 30 June 2022 would amount to €78.1 million (31 December 2021: €77.6 million). Following the prepayment of €54.3 million, the remaining potential cash exposure is €23.7 million.

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial instruments held by the Group at 31 December 2021 are classified as level 1. As at 30 June 2022, the Group no longer holds any financial instruments. A description of the fair value hierarchy can be found in note 32.1 to the 2021 Consolidated Financial Statements. Financial assets held at 31 December 2021 amounting to €18,021 thousand were classified as fair value in the financial result.

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. Given the nature of the assets and liabilities currently held, transfers between levels of fair value hierarchy are not expected. 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.

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 2021 Consolidated Financial Statements.

6. CAPITAL MANAGEMENT

ZEAL operates a centralised capital management system. Information about our capital management system is detailed in note 31 to the 2021 Consolidated Financial Statements.

7. 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 2021 Consolidated Financial Statements.

Until 30 June 2022, there was a service agreement with Staatliche Lottereeinnahme Schumann e.K., Hamburg ('Schumann e.K.'), regarding the provision of administrative services by ZEAL Network SE for Schumann e.K. in connection with the brokerage of class lottery tickets for GKL. With effect from 30 June 2022, Schumann e.K. sold its customer list to Staatliche Lotterie-Einnahme Günther KG, Bamberg ('Günther KG'). Günther KG is a subsidiary of the main shareholder of ZEAL Network SE. As a result of the customer acquisition, Günther KG also assumes the services formerly provided by ZEAL Network SE.

8. SUBSEQUENT EVENTS

No significant events occurred up to the date of preparation of the Interim Consolidated Financial Statements.

9. 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, 10 August 2022

The Management Board



Dr Helmut Becker
Vorstandsvorsitzender



Paul Dingwitz
Vorstand Technology



Sönke Martens
Vorstand Operations



Jonas Mattsson
Finanzvorstand

FINANCIAL CALENDAR

10 November 2022 Publication of Quarterly Statement Q 1–3 2022

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