

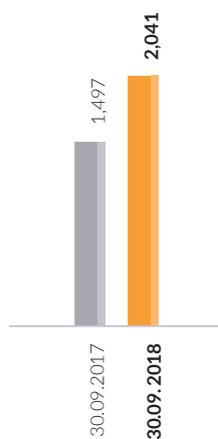


Quarterly statement
01.01.-30.09.2018

Profitable growth achieved

REGISTERED CUSTOMERS

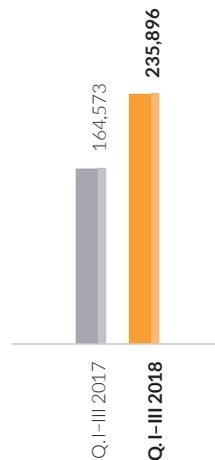
in thousand (accumulated)



+36%

BILLINGS

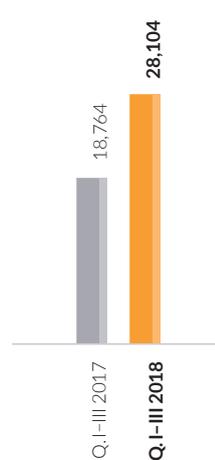
in EUR thousand



+43%

REVENUES

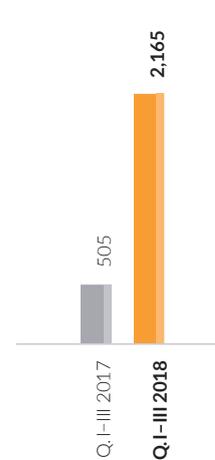
in EUR thousand



+50%

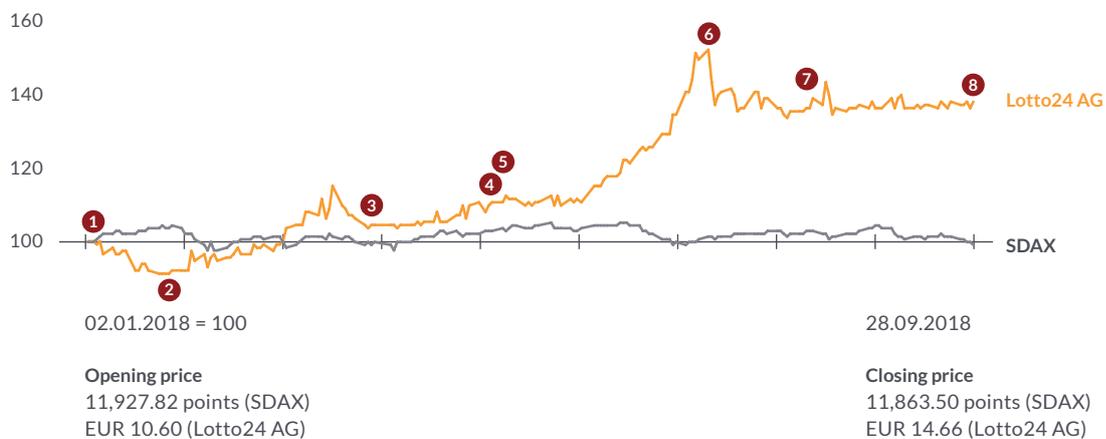
EBIT

in EUR thousand



+329%

PERFORMANCE OF THE LOTTO24 SHARE



- 1 02.01. Opening price
- 2 22.01. Lowest price
- 3 27.03. Publication of Annual Report 2017
- 4 03.05. Publication Q.I 2018
- 5 04.05. Annual General Meeting
- 6 05.07. Highest price
- 7 08.08. Publication Q.II 2018
- 8 28.09. Closing price

KEY FIGURES OF LOTTO24 AG

in EUR thousand	Q. I-III 2018	Q. I-III 2017
Revenues	28,104	18,764
EBIT	2,165	505
Net profit for the period	7,827	1,322
Cash flow from operating activities	1,770	488
Equity as of 30 September 2018 and 31 December 2017	32,456	24,629
Employees as of 30 September ¹⁾	96	88

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

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

BASIC DATA ON THE LOTTO24 SHARE

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

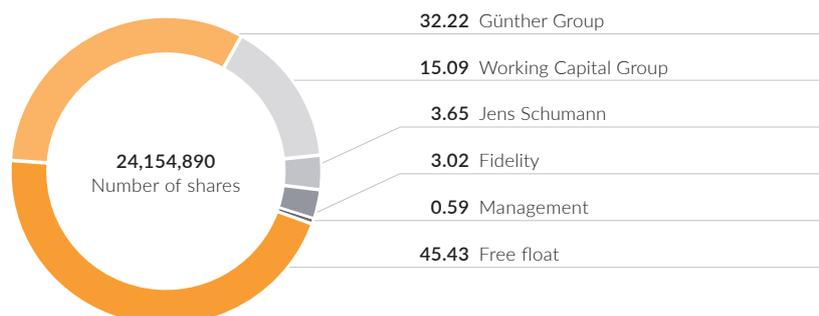
¹⁾ International Securities Identification Number

KEY SHARE FIGURES

	Q. I-III 2018	Q. I-III 2017
Number of shares on reporting day	24,154,890	24,154,890
Highest price (EUR)	16.10	10.45
Lowest price (EUR)	9.66	7.56
Share price on reporting day (EUR)	14.66	10.78
Market capitalisation on reporting day (EUR million)	354.1	260.4
Average daily trading volume (Xetra)	7,783	23,619
Earnings per share (EUR)	0.32	0.05

SHAREHOLDER STRUCTURE¹⁾

in %



¹⁾ According to voting rights notifications and Directors' Dealings disclosures received up to 6 November 2017

01 |

FOREWORD

Ladies and gentlemen,

In the first nine months of 2018, the European lottery »EuroJackpot« was exceptionally strong with a total of nine draws of EUR 90 million – of which eight were in the first six months. We also benefitted from this trend in the third quarter and passed the 2 million customer mark for the first time. Moreover, in late August we paid out an incredible EUR 31 million to one loyal Lotto24 customer – the highest win in our six-year history.

In the third quarter of 2018, billings rose 44.3% year on year to EUR 74.7 million (prior year: EUR 51.8 million), while revenues of EUR 8.7 million exceeded the corresponding prior-year figure by as much as 49.6% (prior year: EUR 5.8 million). Due in part to the positive trend in lotto clubs, our gross margin improved to 11.6% (prior year: 11.2%). At the same time, we gained 90 thousand new customers (prior year: 55 thousand) with a cost per lead (CPL) of EUR 25.78 (prior year: EUR 30.97).

In the first nine months of 2018, we thus generated total billings of EUR 235.9 million (prior year: EUR 164.6 million, +43.3%), revenues of EUR 28.1 million (prior year: EUR 18.8 million, +49.8%) and a gross margin of 11.9% (prior year: 11.4%). With 468 thousand new customers (prior year: 216 thousand), the total number of customers registered with Lotto24 rose by 36.3% to 2,041 thousand (prior year: 1,497 thousand). Due to the jackpot-related increase in marketing activities and the test run of comparatively more expensive TV commercials conducted in the first half of 2018, marketing expenses in the first nine months of 2018 rose to EUR 12.0 million (prior year: EUR 5.8 million). However, CPL of EUR 25.58 was down on the previous year (prior year: EUR 26.63).

Thanks to the strong improvement in revenues, EBIT rose to EUR 2.2 million (prior year: EUR 0.5 million); due in particular to a positive technical effect of EUR 5.8 million in connection with the formation of deferred taxes, net profit amounted to EUR 7.8 million (prior year: EUR 1.3 million).

We now expect an increase in billings of 38% to 43% in 2018 (previously: 25% to 30%), further strong growth in new customers, and CPL on a par with the previous year (previously: a year-on-year increase in CPL). In addition, we continue to expect a slight improvement in gross margin compared to the previous year. Depending on the further progress of external conditions – especially the jackpot trend – and marketing investments to attract new customers, both EBIT and net profit are expected to be well (previously: probably) above the break-even mark.

Moreover, in August and September 2018, the Higher Administrative Courts in Berlin and Munich confirmed bans on TV advertising for a secondary lottery provider. This should make it much more difficult in the medium term for lottery offerings without permits to place high-reach advertising on TV and the Internet.

Finally, we are proud to report that Lotto24 came 17th out of 100 in the survey »TOP Employer 2018 – Germany's most family-friendly companies« published on 17 October 2018, and was thus once again named as one of Germany's most family-friendly employers. Following on from awards such as »Hamburg's Best Employer« in the participating years 2015 and 2017 and top rankings on the employer rating platform »kununu«, this new honour confirms that Lotto24's consistent and extensive HR work is paying off. After all, dedicated and motivated employees are the prerequisite for the company's long-term success.

Hamburg, 6 November 2018



Petra von Strombeck
Chief Executive Officer



Magnus von Zitzewitz
Member of the Executive Board

02 |

BUSINESS DEVELOPMENT AND SIGNIFICANT EVENTS IN THE REPORTING PERIOD

BUSINESS AND ECONOMIC CONDITIONS

Compelling business model

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

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

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

Corporate management

Lotto24 AG is headed by Petra von Strombeck (Chief Executive Officer) and Magnus von Zitzewitz (Executive Board member).

Petra von Strombeck is responsible for Corporate Strategy and Development, Marketing, Sales, the B2C (Business-to-Customer) and B2B (Business-to-Business) business fields, as well as Investor Relations, Human Resources and Organisation.

Magnus von Zitzewitz heads the divisions Legal Affairs and Regulation, Finance, Accounting, Taxes, Controlling, Compliance, Risk Management and Communication.

Until 31 January 2018, Kai Hannemann was responsible for IT Strategy, IT Systems, IT Processes and IT Operation, as well as Process and Innovation Management, and the B2G (Business-to-Government) business field. Until a successor has been appointed, the IT departments are being headed on an interim basis by Petra von Strombeck.

EMPLOYEES

	30.09.2018	30.09.2017
Marketing	38	35
IT	38	35
Corporate Services	20	18
Total ¹⁾	96	88
Number of student helpers, mostly in the call centre	9	7

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

ECONOMIC REPORT

Legal and political conditions

TV advertising ban for secondary lottery provider

In August and September 2018, the Administrative and Higher Administrative Courts of Berlin and Munich confirmed TV advertising bans for a secondary lottery provider. The object of the bans were TV commercials for a free lottery, which the courts believed were indirectly advertising a secondary lottery offering not permitted in Germany. The relevant state media authorities were of the opinion that the commercials violated the ban on advertising games of chance not permitted in Germany. The courts have now provisionally confirmed this view. The rulings were made as interim legal protection measures and are initially binding until the verdicts in the main proceedings have been issued – expected within the next 12 months. From our point of view, the judicial confirmation of the ban is a first important step towards the effective enforcement of the currently valid ban for offerings not permitted in Germany. This should also make it much more difficult in the medium term for lottery offerings without permits to place high-reach advertising on TV and the Internet.

Further permits for instant lotteries in North Rhine-Westphalia and Berlin

As already explained in the Half-yearly Financial Report 2018, the Ministry of the Interior for Lower Saxony granted us our first permit for the online brokerage of state-operated instant lotteries (scratch cards) with a decision dated 28 March 2018. It initially applies solely to the federal states of Lower Saxony, Saxony and Hesse, where the lottery companies have also received a corresponding game permit. In the meantime, the lottery companies in North Rhine-Westphalia and Berlin have also received the corresponding permits.

Apart from the legal conditions already described in detail in the Annual Report 2017, as well as in the Half-yearly Financial Report 2018, there were no further new developments during the reporting period.

Economic conditions

We reported extensively on the economic conditions, the development of the overall lottery market and its online segment in the Annual Report 2017, as well as in the Half-yearly Financial Report 2018.

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

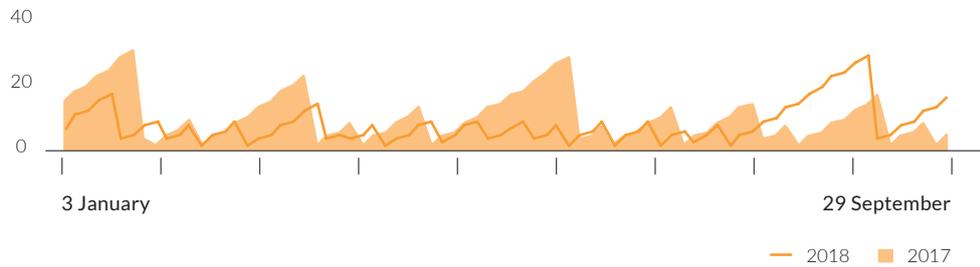
Good jackpot situation

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

In the first nine months of 2018, the German lottery »6aus49« reported just one jackpot of over EUR 20 million (prior year: three), which directly led to a guaranteed jackpot payout after the 13th draw (prior year: two). However, the significance of large »Lotto 6aus49« jackpots continues to steadily decline in view of the much larger jackpots of the European lottery »EuroJackpot«: the latter reached EUR 90 million nine times in total during the first nine months of 2018 and thus performed much better than in the prior-year period when the 90 million-euro mark was reached in just one draw.

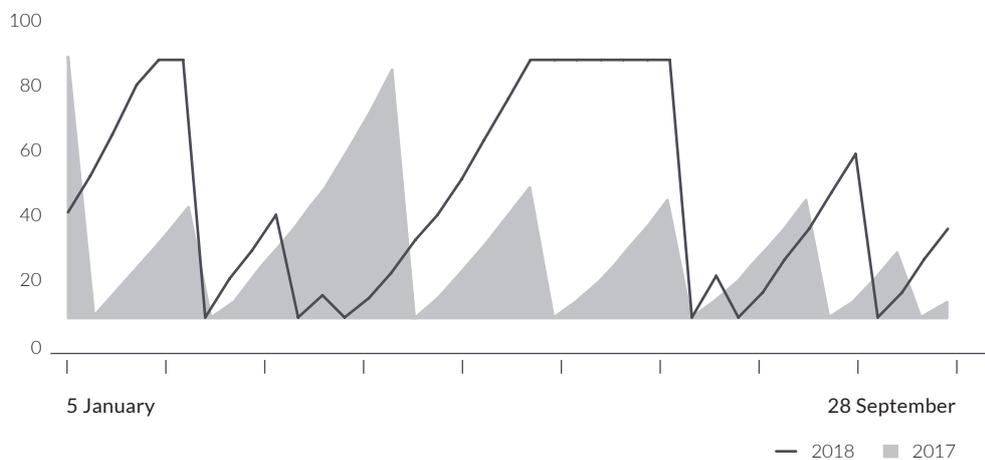
Lotto 6aus49

in EUR million



EuroJackpot

in EUR million



Business development

First scratch cards launched in Lower Saxony

In August 2018, we integrated a new interface connection into our system which allows us to offer state-run instant lotteries (scratch cards) via our webshop. Scratch cards are available in various formats with regard to their price and potential winnings. For the launch of sales in Lower Saxony on 1 September 2018, we chose the popular 1-euro card. Within the scope of the respective permits, further variants and launches in additional federal states are planned for the fiscal year 2019.

Sales start for »Deutsche Weihnachtslotterie«

On 23 October 2018, we began the second run of »Deutsche Weihnachtslotterie« in our webshop: based on the concept of the Spanish Christmas lottery »El Gordo«, this social lottery operated by the German »Navidad Foundation« is a ticket number lottery whose proceeds are used to support good causes in the field of children and youth support, as well as health and sport.

POSITION

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

INCOME STATEMENT						
in EUR thousand	Q. I-III 2018	Q. I-III 2017	Change %	Q. III 2018	Q. III 2017	Change %
Billings	235,896	164,573	43.3	74,726	51,801	44.3
Remitted stakes (less revenues)	-207,791	-145,809	42.5	-66,064	-46,010	43.6
Revenues	28,104	18,764	49.8	8,663	5,791	49.6
Personnel expenses	-6,341	-6,959	-8.9	-2,187	-2,082	5.0
Impairment loss for financial assets	-435	-338	28.7	-122	-112	9.5
Other operating expenses ¹⁾	-18,505	-10,200	81.4	-4,628	-3,207	44.3
less other operating income	222	21	956.7	62	5	1,237.4
Operating expenses	-25,060	-17,476	43.4	-6,875	-5,397	27.4
EBITDA	3,045	1,288	136.4	1,788	394	353.6
Amortisation and depreciation	-880	-783	12.4	-287	-241	18.8
EBIT	2,165	505	329.0	1,502	153	882.8
Financial result	-105	-242	-56.4	-39	-65	-39.8
Net profit before taxes	2,059	263	683.2	1,462	88	1,569.9
Income taxes	5,768	1,059	444.6	4,064	626	549.7
Net profit	7,827	1,322	492.1	5,526	713	675.0
Breakdown of other operating expenses						
Marketing expenses	-11,968	-5,758	107.9	-2,317	-1,712	35.4
Direct operating expenses ¹⁾	-2,260	-1,585	42.5	-739	-505	46.2
Indirect operating expenses	-4,277	-2,857	49.7	-1,572	-991	58.7
Other operating expenses¹⁾	-18,505	-10,200	81.4	-4,628	-3,207	44.3

¹⁾ Prior-year figures adjusted due to IAS1(82)(ba)

KEY FIGURES

	Q. I-III 2018	Q. I-III 2017
Number of registered customers as of 30 September (in thousand)	2,041	1,497
Number of new customer registrations in Q. I-III (in thousand)	468	216
Average number of registered customers (in thousand) ¹⁾	-	-
Average number of active customers (in thousand) ¹⁾	-	-
Average activity rate (%) ¹⁾	-	-
Average billings per active customer (in EUR) ¹⁾	-	-
Cost per lead (CPL, in EUR)	25.58	26.63
Gross margin (%)	11.9	11.4
Direct operating expenses plus impairment loss for financial assets as a proportion of billings (%)	1.1	1.2
Number of employees as of 30 September ²⁾	96	88

¹⁾ Figures only disclosed on annual basis.

²⁾ Full-time equivalents; not including members of the Executive Board and student helpers.

Registered customers: customers who have successfully completed the registration process on our website. This number is disclosed after adjustment for multiple registrations and deregistrations.

Average number of registered customers: arithmetic mean of the month-end figures for registered customers in the period under review.

Active customers: customers who complete at least one transaction per month.

Average activity rate: relationship between the average number of active customers and the average number of registered customers in one year.

Average number of active customers in one year: arithmetic mean of the number of active customers in each month of a year.

Average billings per active customer: relationship between total billings of Lotto24 AG (incl. business services) and the average number of active customers.

Earnings position

Strong development of all KPIs

Boosted in part by an exceptionally strong jackpot trend for the European lottery »EuroJackpot«, we maintained our profitable growth trajectory in the first nine months of 2018:

In the third quarter of 2018, our billings rose 44.3% year on year to EUR 74,726 thousand (prior year: EUR 51,801 thousand), while revenues of EUR 8,663 thousand exceeded the corresponding prior-year figure by as much as 49.6% (prior year: EUR 5,791 thousand). In the first nine months of 2018, billings therefore increased to EUR 235,896 thousand (prior year: EUR 164,573 thousand, +43.3%) and revenues to EUR 28,104 thousand (prior year: EUR 18,764 thousand, +49.8%).

Revenues resulted mainly from

- commissions received from the state lottery companies for the brokerage of lottery products,
- additional fees and ticket fees incurred in connection with the brokerage of stakes.

We offer IT and marketing services to major online portals for the operation of their own online lottery services (B2B and business services). In 2012, we already recruited two major partners as multipliers for these services with WEB.de and GMX.net. The billings from these cooperations and the corresponding revenues are included in our figures, but not disclosed separately for contractual reasons. Customers generated via these partners are also not included in the »Number of registered customers«.

Due in part to the positive trend in lotto clubs, our gross margin improved to 11.6% in the third quarter of 2018 (prior year: 11.2%) and thus reached 11.9% for the first nine months of 2018 (prior year: 11.4%).

Moreover, we gained 90 thousand new customers in this period (prior year: 55 thousand) with a CPL of EUR 25.78 (prior year: EUR 30.97). With 468 thousand new customers in the first nine months of 2018 (prior year: 216 thousand), the total number of customers registered with Lotto24 rose by 36.3% to 2,041 thousand (prior year: 1,497 thousand) – and thus passed the 2 million customer mark. Due to the jackpot-related increase in marketing activities and the test run of comparatively more expensive TV commercials conducted in the first half of 2018, marketing expenses in the first nine months of 2018 rose to EUR 11,968 thousand (prior year: EUR 5,758 thousand). However, CPL of EUR 25.58 was down on the previous year (prior year: EUR 26.63). Depending on the jackpot situation, the size of our marketing expenses and the behaviour of our competitors, CPL will continue to fluctuate on a quarterly basis in future.

Strong improvement in earnings

Despite a significant increase in marketing expenses, we succeeded in raising EBIT to EUR 2,165 thousand (prior year: EUR 505 thousand) thanks to the strong improvement in revenues in the first nine months of 2018; due in particular to a positive technical tax effect of EUR 5,768 thousand, net profit amounted to EUR 7,827 thousand (prior year: EUR 1,322 thousand).

In the first nine months of 2018, the effects influencing income from changes to deferred tax assets on loss carryforwards were taken into account. Due to the positive forecast for the years 2019 to 2023 and the resulting additional use of existing loss carryforwards in the forecast period, we expect a net increase in deferred tax assets of EUR 4,122 thousand in 2018 with the corresponding tax income – even though our projections indicate a profit for the fiscal year 2018.

According to IAS 34, the income tax expense of each interim reporting period is to be recognised based on the best estimate of the weighted average annual income tax rate expected for the year as a whole.

In contrast to the tax expense for the first quarter of 2018 of EUR 1,023 thousand due to a negative result following this technical tax effect, there was tax income of EUR 2,727 thousand in the second quarter and EUR 4,064 thousand in the third quarter due to the respective positive results. Due to the lower full-year forecast in connection with the formation of deferred tax assets of EUR 4,122 thousand, as mentioned above, we expect a tax expense in the fourth quarter of 2018.

In the first nine months of 2018, the financial result amounted to EUR -105 thousand (prior year: EUR -242 thousand) and includes interest paid on loans taken out.

Earnings per share reached EUR 0.32 (prior year: EUR 0.05).

Development of key income statement items

As of 30 September 2018, Lotto24 AG employed 96 people (full-time equivalents, excluding the two Executive Board members and student helpers, prior year: 88). 40% (prior year: 40%) of our employees and 9 student helpers (prior year: 7) were employed in the Marketing department (including customer service) and 40% (prior year: 40%) in the IT department.

The decrease in personnel expenses to EUR 6,341 thousand (prior year: EUR 6,959 thousand) was mainly due to the year-on-year decrease in expenses for long-term multi-year variable remuneration components for Executive Board members.

Other operating expenses rose to EUR 18,505 thousand (prior year: EUR 10,200 thousand):

- Due to the exceptionally positive market conditions with high jackpots for the »EuroJackpot« lottery, resulting in an increase in our marketing activities, and the test run of comparatively more expensive TV commercials in the first half of 2018, marketing expenses of EUR 11,968 thousand for the first nine months of 2018 were well above the prior-year figure of EUR 5,758 thousand.
- Partially due to increased billings, direct costs of operations (mainly costs for billings-related payment transactions as well as B2B and business services) rose to EUR 2,260 thousand (prior year: EUR 1,585 thousand). We expect that direct costs will continue to increase in future, as they develop more or less in proportion with billings.

- Indirect operating expenses increased from EUR 2,857 thousand to EUR 4,277 thousand. As we strengthened our internal IT teams with freelancers due to the lack of skilled staff, there was a particularly strong rise in the use of external IT management and consultancy services to EUR 1,983 thousand (prior year: EUR 1,212 thousand). At the same time, there was an increase especially in maintenance/service costs to EUR 713 thousand (prior year: EUR 565 thousand), as well as in rent/incidental rental costs and office remodelling expenses to EUR 699 thousand (prior year: EUR 326 thousand).

Scheduled depreciation/amortisation of tangible and intangible assets for investments in our IT infrastructure, our smartphone and tablet apps, and our acquired office and communication technology rose to EUR 880 thousand (prior year: EUR 783 thousand).

Financial position

Financial analysis

Our financial situation is mainly shaped by equity and short-term liabilities. In the first nine months of 2018, the proportion of long-term liabilities fell slightly due to the decrease in long-term provisions.

As of 30 September 2018, equity of EUR 32,456 thousand comprised the following items:

EQUITY		
in EUR thousand	30.09.2018	31.12.2017
Subscribed capital	24,155	24,155
Statutory reserves	2,415	2,415
Retained earnings	5,886	-1,941
Total	32,456	24,629

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

As of 30 September 2018, trade payables amounted to EUR 1,403 thousand (prior year: EUR 1,416 thousand). They mostly comprise open payment obligations as of the balance sheet date for marketing services already received, as well as for legal and technical consultancy. All trade payables have remaining terms of up to one year.

As of 30 September 2018, current financial liabilities comprised the following items:

CURRENT FINANCIAL LIABILITIES		
in EUR thousand	30.09.2018	31.12.2017
Liabilities from gaming operations	10,969	9,532
Interest-bearing loans	1,691	2,283
Other liabilities	64	228
Interest liabilities	35	3
Total	12,760	12,046

As of 30 September 2018, current financial liabilities rose to EUR 12,760 thousand (prior year: EUR 12,046 thousand). There was a slight year-on-year increase in liabilities from gaming operations to EUR 10,969 thousand (prior year: EUR 9,532 thousand). This item, which is expected to increase further as billings grow, comprises obligations from settlements with our customers and the state lottery companies. It also includes small winnings which customers leave on their gaming accounts and use later.

Interest-bearing loans include two current items due within one year:

- the loan granted by the Günther Group in September 2016, which originally amounted to EUR 2,000 thousand. After drawing the contractually agreed second tranche in May 2018, it initially rose to EUR 3,500 thousand, but was reduced to EUR 1,500 thousand as of the reporting date (prior year: EUR 2,000 thousand) following the premature repayment of two amounts of EUR 1,000 thousand in August and September 2018 due to excess liquidity.
- the instalments due within twelve months for IT equipment at our data centres (hire purchase agreements: EUR 191 thousand; prior year: EUR 283 thousand).

Interest obligations at the end of the reporting period (EUR 35 thousand; prior year: EUR 3 thousand) result from the loans taken out.

Other current financial liabilities comprise amounts due in connection with taxes – mostly from sales activities (EUR 231 thousand; prior year: EUR 320 thousand) – and payroll obligations (EUR 108 thousand; prior year: EUR 109 thousand). Holiday obligations fell to EUR 70 thousand (prior year: EUR 90 thousand).

Our short-term provisions mainly comprise provisions for other personnel expenses.

Investment analysis

In the first nine months of 2018, we invested a total of EUR 559 thousand (prior year: EUR 715 thousand) – mainly in software and hardware needed for operations, such as our apps, as well as in workplace equipment, our business intelligence system and the remodelling of our office space.

Liquidity analysis

KEY CASH FLOW ITEMS

in EUR thousand	Q. I-III 2018	Q. I-III 2017
Cash flow from operating activities	1,770	488
Cash flow from investing activities	-559	-711
thereof financial investments	-	5
thereof operative investments	-559	-715
Cash flow from financing activities	-883	-1,476
Change in available funds	329	-1,698
Available funds at the beginning of the period	8,271	10,178
Available funds at the end of the period	8,601	8,480
Available funds	8,601	8,480

Due to the positive business trend caused by the high jackpots of the European lottery »EuroJackpot«, cash flow from operating activities rose to EUR 1,770 thousand (prior year: EUR 488 thousand).

Cash flow from investing activities amounted to EUR -559 thousand (prior year: -711 thousand), as we invested in tangible and intangible assets in the first nine months of fiscal year 2018.

Cash flow from financing activities of EUR -883 thousand (prior year: EUR -1,476 thousand) includes the netting of incoming and outgoing payments for loan tranches and the netting of incoming and outgoing payments for hire purchase agreements.

As of 30 September 2018, current financial assets comprised the following items:

CURRENT FINANCIAL ASSETS

in EUR thousand	30.09.2018	31.12.2017
Receivables from gaming operations	6,127	4,450
Deposits	1,016	1,011
Other	8	6
Total	7,151	5,467

Receivables from gaming operations rose as a result of increased billings caused by high jackpots and closing date-related settlement effects. They comprise receivables on customer winnings to be forwarded, as well as receivables from current payment processing and the Company's own brokerage commission claims. Deposits mainly comprise collaterals to be provided to the state lottery companies.

Other current assets of EUR 444 thousand (prior year: EUR 531 thousand) mainly refer to prepaid expenses for maintenance and services for software and hardware, as well as for marketing services.

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

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

Asset position

Compared to 31 December 2017, total assets increased by EUR 7,802 thousand to EUR 50,495 thousand as of 30 September 2018 – mainly due to the increase in current financial assets and deferred tax assets.

Current assets mostly comprised current financial assets and other current assets (EUR 7,595 thousand; prior year: EUR 5,998 thousand) as well as cash and cash equivalents (EUR 8,601 thousand; prior year: EUR 8,271 thousand).

Non-current assets were dominated by our goodwill (EUR 18,850 thousand; prior year: EUR 18,850 thousand) and net deferred tax assets (EUR 13,007 thousand; prior year: EUR 7,239 thousand).

SUBSEQUENT EVENTS

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

REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS

Opportunities and risks

We reported in detail on the expected development, with its significant opportunities and risks, in our Annual Report 2017; there were no changes, nor new opportunities and risks, in the reporting period.

Forecast report

We now expect an increase in billings of 38% to 43% in 2018 (previously: 25% to 30%), further strong growth in new customers and CPL on a par with the previous year (previously: a year-on-year increase in CPL). In addition, we continue to expect a slight improvement in gross margin compared to the previous year. Depending on the further progress of external conditions – especially the jackpot trend – and marketing investments to attract new customers, both EBIT and net profit are expected to be well (previously: probably) above the break-even mark.

Overall statement on the expected development of Lotto24 AG

Lotto24 is well positioned to participate further in the growth of Germany's online lottery market: after already establishing ourselves as market leader in 2014, we have continued to grow steadily, have extended our leading position and passed the break-even point in 2017. Boosted by an exceptionally strong jackpot trend for the European lottery »EuroJackpot«, we maintained our profitable growth trajectory in the first nine months of 2018.

Hamburg, 6 November 2018

The Executive Board



Petra von Strombeck
Chief Executive Officer



Magnus von Zitzewitz
Member of the Executive Board

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KEY PERFORMANCE FIGURES

INCOME STATEMENT

FROM 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Q. I-III 2018	Q. I-III 2017	Q. III 2018	Q. III 2017
Billings	235,896	164,573	74,726	51,801
Remitted stakes (less revenues)	-207,791	-145,809	-66,064	-46,010
Revenues	28,104	18,764	8,663	5,791
Other operating income	222	21	62	5
Total performance	28,326	18,785	8,725	5,795
Personnel expenses	-6,341	-6,959	-2,187	-2,082
Amortisation/depreciation on intangible assets and property, plant and equipment	-880	-783	-287	-241
Impairment loss for financial assets	-435	-338	-122	-112
Other operating expenses ¹⁾	-18,505	-10,200	-4,628	-3,207
Result from operating activities (EBIT)	2,165	505	1,502	153
Revenues from financial activities	0	10	-	-
Expenses from financial activities	-105	-252	-39	-65
Financial result	-105	-242	-39	-65
Net profit before taxes	2,059	263	1,462	88
Income taxes	5,768	1,059	4,064	626
Net profit (after taxes)	7,827	1,322	5,526	713
Earnings per share (undiluted and diluted, in EUR/share)	0.32	0.05	0.23	0.03
Weighted average of ordinary shares outstanding (undiluted and diluted, in shares)	24,154,890	24,154,890	24,154,890	24,154,890

¹⁾ Prior-year figures adjusted due to IAS1(82)(ba)

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

STATEMENT OF COMPREHENSIVE INCOME

FROM 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Q. I-III 2018	Q. I-III 2017	Q. III 2018	Q. III 2017
Net profit for the period	7,827	1,322	5,526	713
Other comprehensive income to be reclassified to the income statement in subsequent periods				
Revaluation gains (+)/losses (-) from available-for-sale financial assets	-	9	-	-
Income tax effects	-	-3	-	-
Other comprehensive income after taxes	-	6	-	-
Total comprehensive income after taxes	7,827	1,328	5,526	713

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

BALANCE SHEET

AS OF 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	30.09.2018	31.12.2017
ASSETS		
Current assets		
Cash and cash equivalents	8,601	8,271
Current financial assets	7,151	5,467
Trade receivables	608	179
Other current assets	444	531
Current assets, total	16,804	14,448
Non-current assets		
Goodwill	18,850	18,850
Intangible assets	482	554
Property, plant and equipment	1,353	1,602
Deferred tax assets	13,007	7,239
Non-current assets, total	33,692	28,245
ASSETS	50,495	42,693
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	1,403	1,416
Current financial liabilities	12,760	12,046
Other current liabilities	411	521
Short-term provisions	1,760	1,840
Current liabilities, total	16,333	15,823
Non-current liabilities		
Non-current financial liabilities	197	488
Long-term provisions	1,418	1,732
Other non-current liabilities	91	22
Non-current liabilities, total	1,706	2,242
Equity		
Subscribed capital	24,155	24,155
Capital reserves	2,415	2,415
Retained earnings	5,886	-1,941
Equity, total	32,456	24,629
EQUITY AND LIABILITIES	50,495	42,693

CASH FLOW STATEMENT

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Q. I-III 2018	Q. I-III 2017
Net profit before tax	2,059	263
Adjustments for:		
Amortisation/depreciation on non-current assets	880	783
Financial income/financial expenditure	105	242
Other non-cash expenses/income	-	4
Changes in:		
Trade receivables	-429	-3
Current financial assets	-1,684	7,299
Other current assets	87	186
Trade payables	-14	-941
Current financial liabilities	1,273	-7,475
Other current liabilities	-110	-38
Short-term provisions	-80	117
Non-current other liabilities	69	-
Long-term provisions	-314	328
Interest received	0	10
Interest paid	-73	-287
Cash flow from operating activities	1,770	488
Payments received (+)/disbursements (-) for financial instruments	-	5
Investments in intangible assets	-149	-386
Investments in property, plant and equipment	-409	-329
Net losses (-)/gains (+) from asset disposals	-	0
Cash flow from investing activities	-559	-711
Payments received (+) from taking out/disbursements for redeeming (-) financing loans	-883	-1,476
Cash flow from financing activities	-883	-1,476
Change in available funds	329	-1,698
Available funds at the beginning of the period	8,271	10,178
Available funds at the end of the period	8,601	8,480
Composition of available funds at the end of the period	8,601	8,480
Cash	8,601	8,480

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER ACCORDING TO IFRS

in EUR thousand	Subscribed capital	Capital reserves	Other reserves	Retained earnings	Total equity
As at 1 January 2017	24,155	41,012	-6	-43,070	22,091
Net profit	-	-	-	1,322	1,322
Other comprehensive income	-	-	6	-	6
Total comprehensive income	-	-	6	1,322	1,328
As at 30 September 2017	24,155	41,012	-	-41,748	23,418
Net profit	-	-	-	1,211	1,211
Reclassification	-	-38,596	-	38,596	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,211	1,211
As at 31 December 2017	24,155	2,415	-	-1,941	24,629
As at 1 January 2018	24,155	2,415	-	-1,941	24,629
Net profit	-	-	-	7,827	7,827
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	7,827	7,827
As at 30 September 2018	24,155	2,415	-	5,886	32,456

KEY FIGURES

in EUR thousand	Q. III 2018	Q. II 2018	Q. I 2018	Q. IV 2017	Q. III 2017
Billings	74,726	87,894	73,275	56,163	51,801
Stakes to be remitted (less revenues)	-66,064	-77,013	-64,715	-49,711	-46,010
Revenues	8,663	10,881	8,560	6,452	5,791
Other operating income	62	82	77	17	5
Total performance	8,725	10,963	8,637	6,470	5,795
Personnel expenses	-2,187	-2,230	-1,924	-1,914	-2,082
Amortisation/depreciation on intangible assets and property, plant and equipment	-287	-291	-303	-252	-241
Impairment loss for financial assets	-122	-223	-90	-172	-112
Other operating expenses ¹⁾	-4,628	-7,279	-6,598	-3,623	-3,207
Result from operating activities (EBIT)	1,502	940	-277	508	153
Revenues from financial activities	-	-	0	-	-
Expenses from financial activities	-39	-37	-29	-51	-65
Financial result	-39	-37	-29	-51	-65
Net profit before taxes	1,462	903	-306	457	88
Income taxes	4,064	2,727	-1,023	754	626
Net profit	5,526	3,630	-1,329	1,210	713
Breakdown of other operating expenses					
Marketing expenses	-2,317	-5,069	-4,582	-2,132	-1,712
Direct operating expenses ¹⁾	-739	-817	-703	-424	-505
Indirect operating expenses	-1,572	-1,393	-1,313	-1,067	-991
Other operating expenses	-4,628	-7,279	-6,598	-3,623	-3,207

¹⁾ Prior-year figures adjusted due to IAS1(82)(ba)

FINANCIAL CALENDAR

28 March 2019	Annual Report 2018
9 May 2019	Quarterly statement as of 31 March 2019
28 May 2019	Annual General Meeting
14 August 2019	Half-yearly financial report as of 30 June 2019
13 November 2019	Quarterly statement as of 30 September 2019

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