

LOTTO 24

Half-yearly financial report **01.01.-30.06.2017**

CONTINUING TO GROW

REGISTERED CUSTOMERS

in thousand
(accumulated, 30.06.)



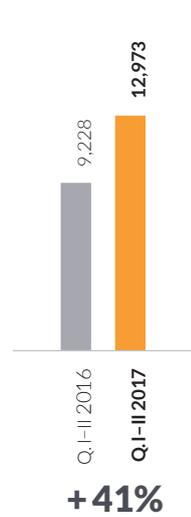
BILLINGS

in EUR thousand



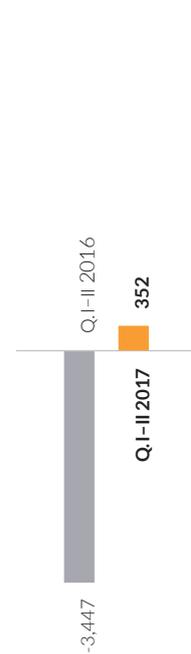
REVENUES

in EUR thousand



EBIT

in EUR thousand



PERFORMANCE OF THE LOTTO24 SHARE



02.01.2017 = 100

30.06.2017

Opening price
9,638.21 points (SDAX)
EUR 7.70 (Lotto24 AG)

Closing price
10,846.67 points (SDAX)
EUR 9.57 (Lotto24 AG)

- 1 02.01. Opening price
- 2 04.01. Lowest price
- 3 30.03. Publication of Annual Report 2016
- 4 10.05. Publication Q. I 2017
- 5 24.05. Highest price
- 6 30.06. Closing price
- * Ad-hoc news

KEY FIGURES OF LOTTO24 AG

	Q. I-II 2017	Q. I-II 2016
in EUR thousand		
Revenues	12,973	9,228
EBIT	352	-3,447
Net profit for the period	609	-1,409
Cash flow from operating activities	654	-2,379
Equity as of 30 June 2017 and 31 December 2016	22,705	22,091
Employees as of 30 June (FTE) ¹⁾	86	75

¹⁾ not including members of the Executive Board and student helpers.

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

SHAREHOLDER SERVICE

WKN	LTT024
ISIN ²⁾	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

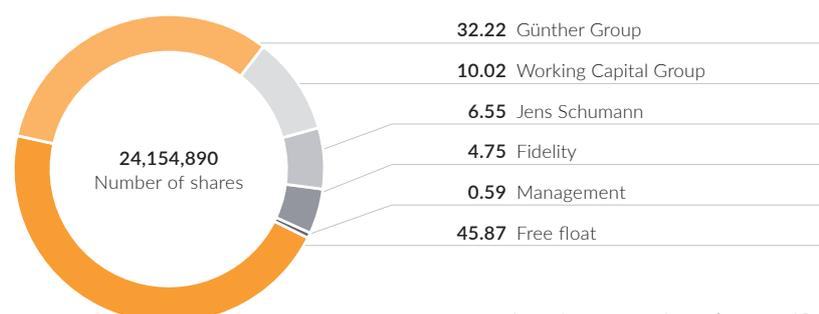
²⁾ International Securities Identification Number

KEY SHARE FIGURES

	Q. I-II 2017	Q. I-II 2016
Number of shares on reporting day	24,154,890	24,154,890
Highest price (EUR)	10.45	5.20
Lowest price (EUR)	7.56	4.05
Share price on reporting day (EUR)	9.57	4.64
Market capitalisation on reporting day (EUR million)	231.2	112.1
Average daily trading volume (Xetra)	28,988	17,286
Earnings per share (EUR)	0.03	-0.06

SHAREHOLDER STRUCTURE ¹⁾

in %



¹⁾ according to voting rights notifications and Directors' Dealings disclosures received up to 8 August 2017

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FOREWORD

LADIES AND GENTLEMEN,

We continued our expansionary course in the first half of 2017 and took a major step towards achieving our goal of sustainable and profitable growth:

In spite of increased competition, billings of EUR 112.8 million were up 33.4% on the previous year (EUR 84.5 million), while revenues of EUR 13.0 million exceeded the prior-year figure (EUR 9.2 million) by as much as 40.6%. In the second quarter of 2017, billings and revenues grew year on year by 26.7% to EUR 54.6 million (prior year: EUR 43.1 million) and by 31.3% to EUR 6.3 million (prior year: EUR 4.8 million), respectively. As we only launched lotto clubs in February 2016 and their positive impact on the previous year was thus correspondingly shorter, our gross margin of 11.5% in the first half of 2017 was above the corresponding prior-year figure of 10.9%. The second quarter contributed towards this growth with a gross margin of 11.6% (prior year: 11.2%).

With 161 thousand new customers in the first half of 2017 (prior year: 175 thousand) – of which 66 thousand in the second quarter (prior year: 69 thousand) – the total number of our registered customers grew by 36.3% to 1,442 thousand (prior year: 1,058 thousand).

Thanks to efficient marketing measures – which we tailor to the prevailing jackpot trend – we were able to reduce cost per lead (CPL) from EUR 28.73 to EUR 25.13 in the first half of 2017. In the second quarter, CPL fell from EUR 33.82 in the previous year to EUR 26.64. The strong revenue trend and reduction in marketing expenses from EUR 5.0 million to EUR 4.0 million led to our first-ever positive figures for both EBIT and net profit: in the first half of 2017, EBIT reached EUR 0.4 million (prior year: EUR -3.4 million) and net profit EUR 0.6 million (prior year: EUR -1.4 million).

Dear shareholders, thanks also to your support we continue to chart our successful course into the future! At our fifth Annual General Meeting as a listed company, held in Hamburg on 30 May 2017, you once again adopted all items on the agenda with large majorities. In addition to the usual items, such as approval for the actions of the Executive Board and Supervisory Board, and the appointment of auditors for the annual financial statements, this year's agenda included the election of the Supervisory Board in which all serving Supervisory Board members stood for re-election.

Following the positive development of business in the first half of 2017, we are well on track to reaching our targets again. Ladies and gentlemen, we hope you will continue to accompany us when we take our next steps towards sustainable and profitable growth!

Hamburg, 8 August 2017



Petra von Strombeck
Chief Executive Officer



Magnus von Zitzewitz
Member of the Executive Board



Kai Hannemann
Member of the Executive Board

02 |

INTERIM MANAGEMENT REPORT

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 the state-licensed lottery products »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.

PROMISING GROWTH STRATEGY

We want to continue our growth in Germany by using targeted marketing measures to win new customers while also expanding the Lotto24 product portfolio. In addition to the lotteries already offered – and depending on the prevailing legal conditions – we aim to introduce other state-licensed games of chance in the medium term, whereby we will continue to focus on the German lottery market.

Furthermore, we are working on innovative product combinations of interest to our clients and adding new functions to our lottery tickets that make the gaming experience even more attractive and convenient.

Nearly all entertainment-based devices now have access to the Internet and offer apps to enable e-commerce activities – depending on how they are being used. Wherever digital distribution makes sense and users expect the possibility to play the lottery, we want to be their first choice and are therefore planning to expand our digital sales channels. We already provide our customers with solutions for their smartphones, tablets and smartwatches and constantly strive to enhance and develop these offerings. Moreover, we track all developments of relevance to us – such as smart TVs – and regularly check which of these new digital distribution channels could be of interest to us and our customers.

VALUE-ORIENTED CORPORATE GOVERNANCE

Management and control

Lotto24 AG is headed by Petra von Strombeck (CEO), Magnus von Zitzewitz (Executive Board member) and Kai Hannemann (Executive Board member).

Ms 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. Mr von Zitzewitz is responsible for the divisions Legal Affairs and Regulation, Finance, Accounting, Taxes, Controlling, Compliance, Risk Management and Communication. Mr Hannemann has assumed responsibility for IT Strategy, IT Systems, IT Processes and IT Operations, as well as Process and Innovation Management, and the B2G (Business-to-Government) business field.

Key objective: raise the value of Lotto24's customer base

We manage Lotto24 according to a clearly defined KPI system aimed primarily at raising the value of our customer base. This is derived from the accumulated billings of active customers, as well as from the estimated future development of the intensity and duration of customer relationships.

Key financial figures

The main KPIs we use to steer the Company and which we strive to raise are:

- the **number of registered customers** (customers who have successfully completed the registration process on the Lotto24 website),
- the **activity rate** (ratio of the average number of active customers in one month – customers with at least one transaction per month – to the average number of registered customers in a year),
- **billings** (stakes placed by customers, influenced both by the variety and attractiveness of Lotto24's product portfolio and the efficiency of customer retention measures) as well as
- **average billings per active customer** and
- **gross margin** (ratio of revenues to billings).

In addition, we monitor the efficiency of our marketing activities with the KPI **cost per lead (CPL)**.

In order to optimise our marketing measures, we reviewed and slightly adjusted the system for determining our key figures during preparation of our annual report 2016. Amongst other things, the change to purchase date – instead of the date of actual game participation – resulted in a slightly lower activity rate and slightly higher billings per active customer. All in all, however, the impact on our key figures was comparatively low and thus negligible.

EMPLOYEES

	30.06.2017	30.06.2016
Marketing	36	29
IT	32	32
Corporate Services	18	14
Total ¹⁾	86	75
Number of student helpers, mostly in customer service	8	14

¹⁾ Full-time equivalents: not including members of the Executive Board and student helpers, rounded according to department

RESEARCH & DEVELOPMENT

In order to ensure that software is perfectly adapted to our operational processes, we develop and operate the core components of such software ourselves. This applies in particular to the online platform, which covers the entire process chain from the online registration of our customers through the purchase of lottery products to the payment and transmission of the tickets to the lottery companies.

Important developments in the first half of 2017 were mainly a number of individual improvements in the speed and usability of our website – such as the possibility to partially offset customer account balances and an improved registration form – as well as preparations for the introduction of further lottery products over the course of the year.

Our own research and development costs are not capitalised, whereby the amount for research is negligible in any case.

ECONOMIC REPORT**LEGAL AND POLITICAL CONDITIONS****State Treaty on Games of Chance**

In Germany, the offering of lotteries via the Internet is regulated by the country's State Treaty on Games of Chance (»Glücksspielstaatsvertrag« - GlüStV). The current version of the GlüStV came into force on 1 July 2012 and replaced the general Internet ban of the previous State Treaty on Games of Chance (»GlüStV 2008«) from 15 December 2007. The new GlüStV offers private providers the possibility to receive an online brokerage permit. As a result, the business model of the commercial online lottery broker has been legally permissible in Germany again since 2012. However, the GlüStV still contains many important, restrictive regulations – especially with regard to online brokerage and advertising. Amongst other things, the conditions for receiving permits are highly uncertain. In addition, there is no legal claim to the granting of the respective permit, making any enforcement of rights in court much more difficult.

Ratification of second revision of GlüStV in question

Following changes of government in Schleswig-Holstein and North-Rhine Westphalia, it is questionable whether the second revision of the GlüStV signed by the Minister Presidents of Germany's federal states on 17 March 2017 will be ratified. In their coalition contract, the governing parties in Schleswig-Holstein agreed to terminate the currently valid GlüStV to enable the adoption of a viable solution in compliance with EU law, which would be based on the regulations already in force in this federal state between 2012 and 2013. The uncertainty caused by this announcement may prompt a reform of gaming legislation in Germany which could go beyond the previously intended negligible amendments. The amendments planned for the second revision of the GlüStV so far only concern the issuing of sports betting licences and are a reaction to the court rulings of the past few years which declared the licencing process to be illegal. With the planned dropping of the previously valid quantitative restriction to 20 licences, qualitative criteria would now be decisive for the issuing of licences. Reform is urgently required to provide increased legal certainty for gaming regulations and thus allow stricter enforcement with regard to offerings not permitted in Germany or illegal advertising. The latter may have positive effects for commercial gaming brokers. In addition to the legal conditions already described in detail in the Annual Report 2016, there were no further new developments in the reporting period.

Nationwide brokerage permit

On 24 September 2012, Lotto24 first received the permit allowing it to broker state lotteries via the Internet throughout Germany. With a decision dated 26 July 2017, the Ministry of the Interior for Lower Saxony granted us the corresponding extension permit. It will expire on 30 June 2021, the day on which the current GlüStV also expires, and still contains many restrictive and in part uncertain ancillary provisions and conditions. Our entrepreneurial freedom is restricted above all by strict regulations regarding the age verification of players and the duty to divide gaming revenues among all 16 state lottery companies (regionalisation) – based on the player's place of residence. Compared to the previously valid regulations, the newly granted brokerage permit also further restricts the possibility to grant discounts.

Advertising permit

On 26 January 2017, the German authority responsible for advertising standards, the District Government of Dusseldorf, prolonged the advertising permit we received in March 2013. The prolongation was initially tied to the remaining term of the brokerage permit until 23 September 2017 and has been extended by the new brokerage permit until 12 March 2019 in accordance with the usual two-year period of validity. The advertising permit authorises us to advertise the online marketing of state lotteries throughout Germany via the Internet and TV, thus driving the further expansion of Lotto24's customer base. The renewal of the advertising permit and the resulting legal certainty it continues to provide form the basis for the planned expansion of our business and Lotto24's market share.

Legal uncertainties

In our opinion, there are still significant legal uncertainties under the current GlüStV: it is disputed whether individual prohibitions and restrictions, or the GlüStV as a whole, are appropriate and thus legally valid. In the medium to long term, it is also uncertain which regulatory targets will be maintained and which objectives the regulatory framework in Germany will pursue. The regulation of online lottery brokerage in Germany is based primarily on the hypocritical aim of preventing addiction, without considering the low risk potential of those lotteries allowed in Germany. Much more dangerous games of chance, such as gaming machines, are subject to less restrictive regulations. In the case of sports betting – which is also more dangerous in terms of the potential danger of addiction – the GlüStV plans to break up the monopoly and transfer it to a liberal concession model. There is no rational justification for the severe restrictions based on the prevention of addiction. We therefore regard the main regulations of the GlüStV as incoherent, unlawful and thus inapplicable with regard to the primacy of the fundamental freedoms under EU law.

The pilot proceedings already brought against the Federal Republic of Germany by the EU Commission in 2015 in preparation of infringement proceedings have not so far resulted in the initiation of such proceedings. Within the pilot proceedings, the Commission called upon the German states to comment on the incoherence of German gambling regulations, including a justification of the so-called regionalisation duty for lotteries. The justification offered so far by the German states for banning brokerage in other German states is that this prevents the promotion of gambling. In view of the very low addictiveness of lotteries, however, the EU Commission does not follow this view. Although the EU's institutions continue to express criticism, it remains to be seen to what extent the German legislature is prepared to remove key restrictions in the field of lottery brokerage without the initiation of infringement proceedings.

The ongoing inconsistent basic structures of the GlüStV – especially the licensing procedure for private sports betting providers, which has still not been implemented after four years – have led to numerous legal proceedings that have literally brought the licensing procedure to a standstill. In its ruling in the matter »Ince« (C-336/14) in 2016, the European Court of Justice (»ECJ«) declared the permit requirement for sports betting products – a core element of German gaming regulation – to be inapplicable until further notice. The German states are therefore forced to change the State Treaty in order to finally enable them to grant licences and thus regulate the market.

Legal disputes and regulatory proceedings

In its ruling on 22 June 2017, the Higher Administrative Court of Hamburg (OVG Hamburg) largely rejected our appeal against restrictions of the brokerage permit. Although the OVG confirmed the cancellation of a duty to check whether players were on a lotto blacklist and obliges the authorities to reassess the requirements on age verification, it also confirmed the regionalisation duty and the legality of the Gambling Council. We continue to believe that our counter-arguments are well founded and have filed an appeal against the ruling. The chances of success are open.

In its rulings on 27 August 2014, the Administrative Court of Hamburg (VG Hamburg) had previously mostly rejected the lawsuit we brought against restrictions of the advertising permit – in our opinion with less than compelling reasoning, or none at all. In its decision of 19 December 2016, the OVG Hamburg granted our appeals regarding proceedings against the first advertising permit of 2013 following our complaint against the refusal to appeal. In addition, we challenged the new advertising permit granted in January 2017 before the VG Hamburg due to the continued and identical restrictions it contains. Although we attempted to speed up a ruling on these new proceedings by the first instance Administrative Court of Hamburg in order to bring about an initial ruling in the second instance by the Higher Administrative Court of Hamburg, no date has yet been set for an oral hearing.

Obligations regarding money laundering lifted for brokers of state lotteries

In the course of implementing the Fourth EU Money Laundering Directive by means of revised legislation on the detection of profits from serious crime (Money Laundering Act), online brokers of permitted lotteries organised in Germany are no longer within the application scope of the Money Laundering Act. When the new Money Laundering Act came into force on 24 June 2017, the previously applicable and largely excessive obligations for lottery brokers regarding money laundering were lifted. The obligations continue to apply for foreign secondary lotteries.

ECONOMIC CONDITIONS

German lottery market growing slightly

Due to regulation, the German lottery market declined sharply from 2007 to 2012: according to a study by the market research company »Global Betting and Gaming Consultants, GBGC« of April 2013, the introduction of the first GlüStV 2008 caused German lottery revenues to fall by 16% between 1 August 2007 and 31 December 2012, while international lottery revenues rose by 22% over the same period (source: »Media & Entertainment Consulting Network GmbH, MECN«, »MECN Extra Research, German Lottery Market«, July 2013).

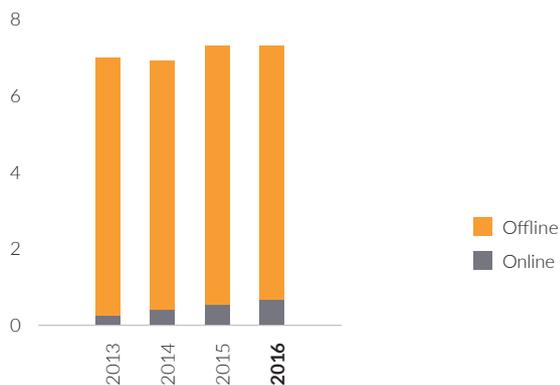
After the less restrictive GlüStV came into force in July 2012, there was initially a significant surge in growth: from 2012 to 2013, total revenues of the German Association of State Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«) – comprising the products »Lotto 6aus49«, »Spiel 77«, »Euro-Jackpot«, »Super 6«, »Sofortlotterien«, »GlücksSpirale«, »Oddset«, »Keno«, »Bingo«, »Toto« and »Plus 5« – rose by around 10%, due primarily to a price increase for the most important product »Lotto 6aus49«. Since 2013, sales progress has been mixed: in 2014, total revenues fell slightly by -0.7%, from EUR 7.0 billion to EUR 6.9 billion. Due in part to the increasing popularity of the »EuroJackpot« product, the total market of state-licensed lotteries grew by over 4% to EUR 7.3 billion in 2015. In 2016, the market virtually stagnated with growth of just 0.4% (source: DLTB) – despite the very favourable jackpot trend.

More recent forecasts of GBGC also indicate that the German market as a whole is likely to stagnate in the period up to 2019, while for certain other European markets double-digit growth rates are expected. According to the survey, the German market is set to expand by just 0.8% up to 2019 (based on 2013 figures), whereas Austria will grow by 32%, Finland by 28%, Great Britain by 24%, Norway by 24%, France by 16%, Spain by 11% and Italy by 8% (source: GBGC »European Lotteries«, April 2015).

Just how far Germany has fallen behind is underlined by a comparison with other European countries of per capita spending on lotteries. In 2013, it amounted to EUR 103 in Germany, while in Austria it was EUR 360, in Finland EUR 267, in Italy EUR 291, in Norway EUR 251, in Spain EUR 219, in France EUR 168 and in Great Britain EUR 135 (source: GBGC »European Lotteries«, April 2015 and »statista«). In our opinion, there is a significant catch-up potential in Germany as per capita spending on lotteries is well below the European average. However, this potential is not currently being exploited due to comparatively strict regulations and the low number of product innovations as a result of Germany's federal structures.

TOTAL MARKET DEVELOPMENT

in EUR billion



Huge potential of online segment

Despite the relatively modest trend of the German lottery market compared to other European countries, we see significant catch-up potential in the online segment. In our opinion, this anticipated growth is based on the following factors in particular:

- As online lottery offerings were completely forbidden until mid 2012, we expect strong revenue growth in future. Compared with foreign online lottery markets, which were less strictly regulated in the past few years, we expect above-average growth for Germany in the medium term. In 2014, for example, the online segment of the lottery market was almost 51% in Slovakia, around 40% in Finland, and approximately 18% in Norway and Great Britain (source: GBGC, »Interactive Lottery Sales«, May 2016).
- The growing importance of e-commerce as a sales channel for various products and services also supports the growth outlook for the online lottery market – and mobile offerings strengthen this trend even more. In 2016, 60% of all banking was done online (source: Postbank, »Der digitale Deutsche und das Geld 2016«, May 2016), 53% of music was sold online in 2014 (source: Bundesverband Musikindustrie, »GfK, Consumer Panel«, 2015) and 41% of trips were booked online in 2015 (source: »FUR, statista«, January 2016).
- Since the introduction of new advertising guidelines on 1 February 2013 and increasing marketing expenses for the Internet and TV, online lottery has received more attention and enjoys greater awareness.

Our assessment is confirmed by the current growth rates of the online segment. According to information of the German Association of State Lottery Companies (»Deutscher Lotto- und Totoblock, DLTB«) and the German Lottery Association (»Deutscher Lottverband«), online revenues of state lottery companies and private brokers licensed in Germany have been steadily rising: from EUR 35 million in 2012 (after the gradual reopening of the market) to EUR 253 million in 2013, to EUR 390 million in 2014 and to EUR 520 million in 2015. In 2016 the online segment grew by 25% to EUR 650 million. Online sales thus accounted for 9% of total German lottery sales in 2016 (prior year: 7%) – a share which is still far below the comparative figures of other countries and that of other German online markets. Consequently, there is still plenty of room for growth.

Lotto24 is market leader and growth driver in online lottery market

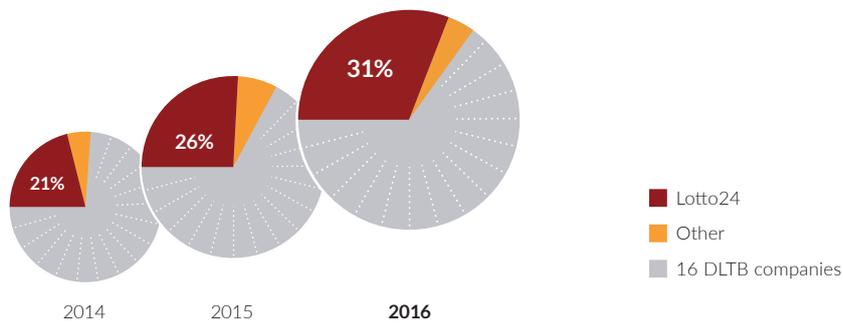
As DLTB only provides information on market figures for the online segment once at the beginning of each fiscal year, we did not receive any new information on this matter during the reporting period.

In 2016, Lotto24 accounted for almost half the market growth of the online segment. While the online lottery market grew by 25% to EUR 650 million in 2016, online sales of the 16 state-owned lottery companies increased by a less than proportionate 20% to around EUR 420 million (prior year: EUR 350 million).

By contrast, our billings rose more than twice as fast by 47% to EUR 201 million (prior year: EUR 136 million). As a result, our online market share increased from 26% in the previous year to around 31% in 2016. All other lottery brokers together accounted for just 4% or so of the online market in 2016.

We are therefore once again the largest provider of online lotto by far and also ahead of all individual state lottery companies. The largest of them, Westlotto, achieved online sales of EUR 107 million in 2016, according to its own figures – a little over half of our total billings. These figures once again confirm that our strategy is sustainable and successful.

LOTTO24'S SHARE OF THE TOTAL ONLINE MARKET



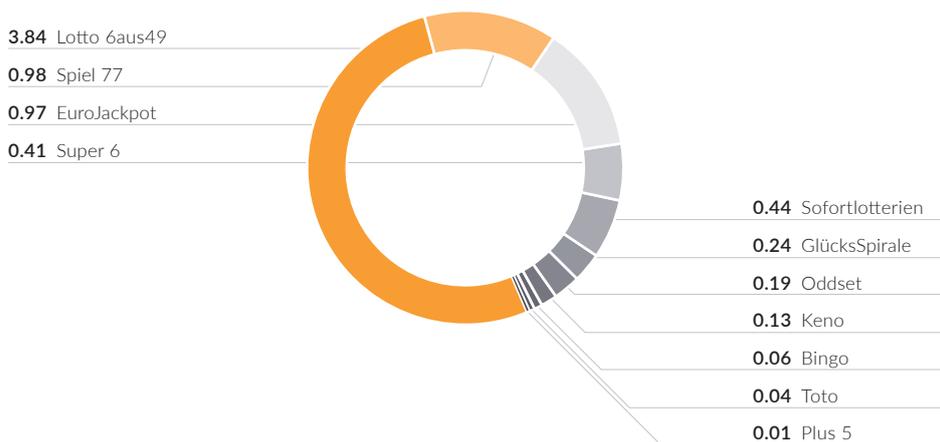
Product portfolio of the state lottery companies

As in the previous years, »Lotto 6aus49« accounted for the largest share of sales generated by the products of Germany’s state lottery companies with stakes of EUR 3.8 billion in 2016 (prior year: EUR 4.1 billion). However, its relative share is in decline. In second place once again was the supplementary lottery »Spiel 77« with revenues of EUR 979 million (prior year: EUR 1.0 billion), closely followed by the increasingly popular »EuroJackpot« with EUR 965 million (prior year: EUR 769 million). Other products are »Super6«, »Sofortlotterien«, »GlücksSpirale«, »Oddset«, »Keno«, »Bingo«, »Toto« and »Plus 5«.

The development of our revenues may be positively or negatively influenced by changes to the product portfolio of the German state lottery companies and the respective regulations for the online brokerage of these products.

REVENUE SHARES OF »DEUTSCHER LOTTO- UND TOTOBLOCK« 2016

in EUR billion



Advertising and competition

Our success is largely determined by the scope and efficiency 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 still the state lottery companies with their joint platform Lotto.de and foreign secondary lotto companies which are not permitted in Germany.

According to information of the relevant Ministry of the Interior for Lower Saxony, 22 private commercial gaming brokers have received brokerage permits in addition to the state-owned companies. The advertising activities of our private competitors with permits in Germany were marked by consolidation in 2016: for example, the brokers Einfach Direkt Media GmbH (Einfachlotto.de) and Jumbo Interactive GmbH (Jumbolotto.de) gave up their business in Germany. Activities have also been very restrained so far in 2017.

By contrast, the secondary lottery providers once again aggressively advertised their products on TV and the Internet in the first half of 2017 and increased their marketing expenses strongly over the previous year – without having the necessary brokerage and advertising permits for Germany. Whether and to what extent the regulatory bodies will take action and the current »Brexit« plans, i.e. the exit of Great Britain (including Gibraltar) from the EU, will affect the business model of secondary lottery providers remains to be seen.

We monitor our relevant competitors, for example, by regularly and systematically testing the respective websites. In addition, we use media monitoring and social media monitoring to gather and evaluate social signals of Internet users with regard to specific sectors, brands or defined websites. This enables us to discover what this target group thinks about us and our competitors so that we can react accordingly. In the course of our brand tracking activities, we also regularly collect information on our competitors. We do not therefore rely solely on our own subjective perception, but also use customer surveys when defining the direction in which we want to evolve and how we can clearly differentiate ourselves from the competition.

Good jackpot trend

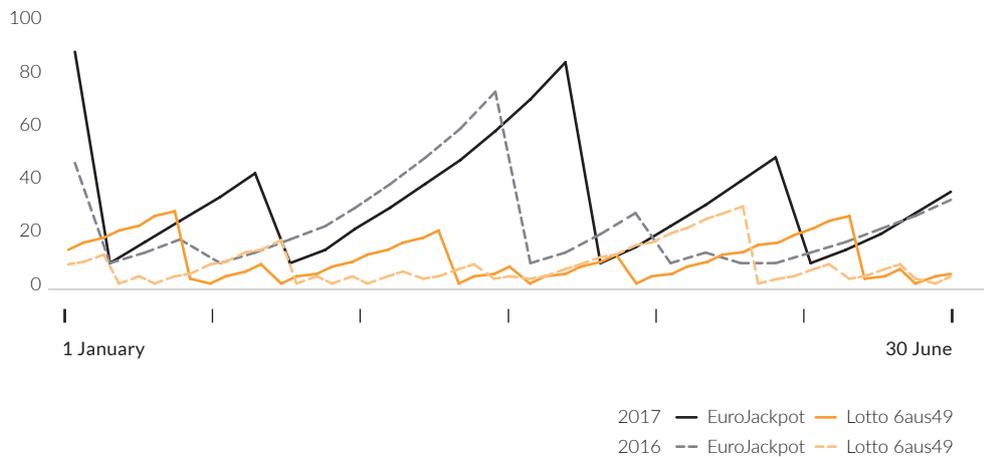
We expect particularly strong increases in the number of registered customers when potential players have greater expectations of exceptional winnings, in other words whenever there are large jackpots. Such jackpots are comprised of stakes submitted by players who did not meet the conditions for winning 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 half of 2017, the German lottery »Lotto 6aus49« reported three jackpots of over EUR 20 million (prior year: one) with two (prior year: one) guaranteed jackpot payouts after the 13th draw – the so-called mandatory payout. However, the significance of large »Lotto 6aus49« jackpots is steadily declining in view of the much higher jackpots of the European lottery »EuroJackpot«. The latter reached the EUR 90 million mark and the EUR 86 million mark in the first half of 2017 and thus also performed better than in the previous year, in which it »only« reached the EUR 75 million mark once.

On the basis of statistical probability, we continue to expect lower jackpot effects on the whole in fiscal year 2017 than in 2016.

JACKPOT DEVELOPMENT

in EUR million



BUSINESS DEVELOPMENT

Fifth Annual General Meeting in Hamburg

Our fifth Annual General Meeting as a listed company was held in Hamburg on 30 May 2017. With a total presence of around 60% of voting capital, the shareholders who attended once again adopted all items on the agenda with large majorities. In addition to the usual items, such as approval for the actions of the Executive Board and Supervisory Board, and the appointment of auditors for the annual financial statements, this year's agenda included the election of the Supervisory Board in which all serving Supervisory Board members stood for re-election.

POSITION

INCOME STATEMENT

in EUR thousand	Q. I-II 2017	Q. I-II 2016	Change %	Q. II 2017	Q. II 2016	Change %
Billings	112,772	84,509	33.4	54,572	43,077	26.7
Remitted stakes (less revenues)	-99,799	-75,281	32.6	-48,262	-38,270	26.1
Revenues	12,973	9,228	40.6	6,310	4,807	31.3
Personnel expenses	-4,876	-4,004	21.8	-2,270	-2,023	12.2
Other operating expenses	-7,219	-8,189	-11.8	-3,314	-3,800	-12.8
less other operating income	16	40	-59.4	3	15	-82.8
Operating expenses	-12,079	-12,152	-0.6	-5,581	-5,808	-3.9
EBITDA	894	-2,925	-130.6	728	-1,001	-172.7
Amortisation and depreciation	-542	-522	3.8	-250	-307	-18.5
EBIT	352	-3,447	-110.2	478	-1,308	-136.6
Financial result	-176	-101	75.4	-73	-83	-12.4
Earnings before taxes	176	-3,547	-104.9	406	-1,391	-129.2
Income taxes	434	2,138	-79.7	1,300	780	66.7
Net profit	609	-1,409	-143.2	1,706	-611	-379.3

Breakdown of other operating expenses

Marketing expenses	-4,046	-5,026	-19.5	-1,759	-2,319	-24.2
Direct operating expenses	-1,307	-1,094	19.5	-650	-507	28.3
Indirect operating expenses	-1,866	-2,069	-9.8	-905	-975	-7.1
Other operating expenses	-7,219	-8,189	-11.8	-3,314	-3,800	-12.8

KEY FIGURES

	Q. I-II 2017	Q. I-II 2016
Number of registered customers as of 30 June (in thousand)	1,442	1,058
Number of new customer registrations in Q.I-II (in thousand)	161	175
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)	25.13	28.73
Gross margin (%)	11.5	10.9
Direct operating expenses as a proportion of billings (%)	1.3	1.1
Number of employees as of 30 June ²⁾	86	75

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

Average billings per active customer: the relationship between total billings of Lotto24 AG (incl. B2B and business services) and the average number of active customers.

EARNINGS POSITION**Further growth**

We continued our growth course in the first half of 2017: at EUR 112,772 thousand, billings were up 33.4% on the previous year (EUR 84,509 thousand), while revenues of EUR 12,973 thousand exceeded the prior-year figure (EUR 9,228 thousand) by as much as 40.6%. In the second quarter of 2017, billings and revenues grew year on year by 26.7% to EUR 54,572 thousand (prior year: EUR 43,077 thousand) and by 31.3% to EUR 6,310 thousand (prior year: EUR 4,807 thousand), respectively.

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 integrated 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 therefore also not included in the »Number of registered customers«. This must be considered when assessing the respective figures.

As we only launched lotto clubs in February 2016 and their positive impact on the previous year was thus correspondingly shorter, our gross margin of 11.5% in the first half of 2017 was up on the corresponding prior-year figure (10.9%). The second quarter contributed towards this growth with a gross margin of 11.6% (prior year: 11.2%).

With 161 thousand new customers in the first half of 2017 (prior year: 175 thousand) – of which 66 thousand in the second quarter (prior year: 69 thousand) – the total number of registered customers grew by 36.3% to 1,442 thousand (prior year: 1,058 thousand). Thanks to efficient marketing measures – which we tailor to the prevailing jackpot trend – we were able to reduce cost per lead (CPL) from EUR 28.73 to EUR 25.13 in the first half of 2017. In the second quarter, CPL fell from EUR 33.82 in the previous year to EUR 26.64. 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.

Positive key earnings figures

The strong revenue trend and reduction in marketing expenses from EUR 5,026 thousand to EUR 4,046 thousand played a particularly important role in helping us achieve our first-ever positive figures for both EBIT and net profit: in the first half of 2017, EBIT reached EUR 352 thousand (prior year: EUR -3,447 thousand), and net profit EUR 609 thousand (EUR -1,409 thousand).

In contrast to the tax expense for the first quarter of 2017 of EUR 867 thousand due to a negative result (change of sign) following a technical tax effect, there was tax income of EUR 1,300 thousand in the second quarter due to the positive result. 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 the remaining quarters, there will also be a corresponding tax income in the case of positive results.

The financial result of EUR -176 thousand (prior year: EUR -101 thousand) includes financial income from interest received on investing liquid funds not immediately required as well as interest paid on loans taken out.

Earnings per share amounted to EUR 0.03 (prior year: EUR -0.06).

Development of key income statement items

At the end of the reporting period on 30 June 2017, Lotto24 AG had 86 employees (full-time equivalents, excluding the three Executive Board members, prior year: 75). 42% (prior year: 39%) of employees and 8 student helpers (prior year: 14) were employed in Marketing (including customer service). In customer service in particular, we are now focusing more on recruiting salaried employees in order to give our good service for customers more stability and continuity. 37% of our employees were employed in the IT department (prior year: 43%).

Due mainly to higher expenses for the long-term remuneration programmes of Executive Board members – consisting of phantom shares pegged to share performance and KPI-based compensation (revenues and EBIT) – as well as the year-on-year increase in headcount, personnel expenses rose to EUR -4,876 thousand (prior year: EUR -4,004 thousand).

Compared to the same period last year, other operating expenses fell by EUR 970 thousand, from EUR -8,189 thousand to EUR -7,219 thousand:

- In view of the generally favourable but also highly changeable jackpot situation for »Lotto 6aus49« and »EuroJackpot«, marketing expenses of EUR -4,046 thousand in the first half of 2017 were below the prior-year figure of EUR -5,026 thousand – due in part to reduced CPL.
- Partly due to a change in the payment method mix, direct costs of operations (mainly costs for billings-related payment transactions as well as B2B and business services) rose to EUR -1,307 thousand (prior year: EUR -1,094 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 fell from EUR -2,069 thousand to EUR -1,866 thousand. The decreased use of external management and consultancy services due to IT insourcing was a major factor in the decline of consultancy expenses to EUR -780 thousand (prior year: EUR -1,045 thousand).

The increase in depreciation/amortisation of tangible and intangible assets to EUR -542 thousand (prior year: EUR -522 thousand) resulted mainly from the scheduled depreciation of investments in our IT infrastructure and acquired office and communication technology, as well as the amortisation of our smartphone and tablet apps.

FINANCIAL POSITION

Financial analysis

Our financial situation is mainly dominated by equity and short-term liabilities with an increased proportion of long-term liabilities.

As of 30 June 2017, equity of EUR 22,705 thousand comprised the following items:

EQUITY		
in EUR thousand	30.06.2017	31.12.2016
Subscribed capital	24,155	24,155
Capital reserves	41,012	41,012
Other reserves	-	-6
Retained earnings	-42,461	-43,070
Total	22,705	22,091

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

As of 30 June 2017, trade payables comprised the following items:

TRADE PAYABLES

in EUR thousand	30.06.2017	31.12.2016
Trade payables	1,270	1,957
Total	1,270	1,957

Trade payables mostly comprise open payment obligations as of the balance sheet date for marketing services as well as for legal and technical consultancy services already received. All trade payables have remaining terms of up to one year.

As of 30 June 2017, other liabilities comprised the following items:

OTHER LIABILITIES

in EUR thousand	30.06.2017	31.12.2016
Liabilities from gaming operations	7,748	14,950
Interest-bearing loans	1,886	3,206
Amounts due in connection with taxes (VAT/payroll and church taxes)	279	347
Holiday obligations	140	140
Interest liabilities	83	102
Other	5	75
Total	10,141	18,821

As of 30 June 2017, other liabilities fell to EUR 10,141 thousand (prior year: EUR 18,821 thousand). The year-on-year decline in liabilities from gaming operations to EUR 7,748 thousand was particularly strong (prior year: EUR 14,950 thousand). A very large »EuroJackpot« at the end of last year generated strong billings, which in turn resulted in a high level of liabilities due to the state lottery companies for tickets as well as to customers for their comparatively high winnings. This item, which is expected to increase further as billings grow, comprises obligations from invoicing 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 current payments, due within one year, for the loan in connection with IT insourcing (EUR 1,500 thousand; prior year: EUR 3,000 thousand) and the payments due within twelve months for IT equipment at our new data centres (hire purchase agreements: EUR 386 thousand; prior year: EUR 206 thousand).

As a result of reporting date effects, there was a decline in amounts due in connection with taxes – mostly from sales activities (EUR 173 thousand; prior year: EUR 246 thousand) and payroll obligations (EUR 106 thousand; prior year: EUR 101 thousand). Holiday obligations (EUR 140 thousand; prior year: EUR 140 thousand) were on a par with the previous year. Interest obligations disclosed at the end of the reporting period (EUR 83 thousand; prior year: EUR 102 thousand) resulted from loans taken out.

Investment analysis

In the reporting period, we invested a total of EUR -644 thousand (prior year: EUR -366 thousand), mainly in software and hardware needed for operations as well as in the development of our own apps as part of our enlarged product range.

Liquidity analysis

KEY CASH FLOW ITEMS

in EUR thousand	Q. I-II 2017	Q. I-II 2016
Cash flow from operating activities	654	-2,379
Cash flow from investing activities	-639	4,273
thereof financial investments	5	4,639
thereof operative investments	-644	-366
Cash flow from financing activities	-1,460	-312
Change in available funds	-1,445	1,582
Available funds at the beginning of the period	10,178	5,073
Available funds at the end of the period	8,733	6,655
Available funds	8,733	6,655

Due to the positive development of earnings in the first half of 2017, cash flow from operating activities also improved to EUR 654 thousand (prior year: EUR -2,379 thousand).

Cash flow from investing activities amounted to EUR -639 thousand (prior year: EUR 4,273 thousand), as we invested in tangible and intangible assets in the first six months of fiscal year 2017. Cash flow from financing activities of EUR -1,460 thousand (prior year: EUR -312 thousand) resulted from the partial redemption of loans.

As of 30 June 2017, other assets and prepaid expenses comprised the following items:

OTHER ASSETS AND PREPAID EXPENSES

in EUR thousand	30.06.2017	31.12.2016
Receivables from gaming operations	2,851	10,149
Deposits	982	976
Prepaid expenses	497	537
Tax receivables	3	7
Total	4,333	11,669

ASSET POSITION

Compared to 31 December 2016, total assets decreased by EUR -8,215 thousand to EUR 40,035 thousand as of 30 June 2017. This was due to a decline in receivables from gaming operations to EUR 2,851 thousand, which – similar to liabilities from gaming operations – were particularly high on the same date last year (prior year: EUR 10,149 thousand). A very large »EuroJackpot« at the end of last year generated strong billings, which in turn resulted in a comparatively high level of receivables due from the state lottery companies and customers.

Current assets mainly comprised cash and cash equivalents (EUR 8,733 thousand; prior year: EUR 9,481 thousand), as well as other assets and prepaid expenses (EUR 4,333 thousand; prior year: EUR 11,669 thousand).

Non-current assets were dominated by our goodwill (EUR 18,850 thousand; unchanged from last year) and net deferred tax assets (EUR 5,859 thousand; prior year: EUR 5,429 thousand).

OVERALL ASSESSMENT OF THE ECONOMIC POSITION OF LOTTO24 AG

Lotto24 is well positioned to participate in the growth of Germany's online lottery market: after establishing ourselves as market leader in 2014, we achieved further strong growth in 2015 and 2016 and have extended our leading position.

SUBSEQUENT EVENTS

Brokerage permit until 30 June 2021

With a decision dated 26 July 2017, the Ministry of the Interior for Lower Saxony granted us an extension permit to broker lotteries via the Internet until 30 June 2021, the day on which the current GlüStV expires. The restrictions and ancillary provisions it contains are largely unchanged from the previously valid restrictions – with the exception of discount schemes.

REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS

OPPORTUNITIES AND RISKS

In our Annual Report 2016, we presented the main risks which may have an adverse effect on our financial position and performance as well as our reputation. In addition, we described our most important opportunities and our risk management system. With the exception of the following change to our assessment of a significant opportunity, there were no changes, nor new opportunities and risks in the reporting period:

Removal of regionalisation duty: By incorporating the regionalisation duty in their permits, the federal states are once again endeavouring to prevent the competition for game brokers so far protected by the Federal Cartel Office and the Federal Court of Justice («Bundesgerichtshof» – BGH). This obligation forces brokers to submit tickets regionally to the respective state lottery company based on the player's place of residence. In view of the BGH's anti-trust rulings on the German lottery market, we still believe that this process contravenes valid law. However, after the OVG Hamburg confirmed the regionalisation duty in its second instance verdict of 22 June 2017, we believe that the probability of the regionalisation duty being removed has decreased. As we filed an appeal against the ruling, it is not legally effective. If our appeal before the Federal Administrative Court («Bundesverwaltungsgericht» – BVG) is successful therefore and the regionalisation duty is removed, this would significantly improve our adverse position – due to the regional monopolies and resulting lack of alternative delivery options – regarding commission negotiations with the state lottery companies. We would thus be free to broker the gaming volumes of our customers to those state lottery companies which pay us comparatively higher commission rates, which would immediately lead to a significant improvement in gross margin. Moreover, the high technical effort of maintaining different interfaces with the 16 state lotteries would decrease significantly.

FORECAST REPORT

Lotto24 is Germany's leading online provider of state-licensed lotteries. The first half of 2017 was a further successful period: we achieved growth once again and passed the break-even point for the first time. We aim to continue our successful course in the second half of 2017!

Expected earnings position

After the first half of the year progressed in line with expectations, we plan to extend our market leadership as an online provider of state-licensed lotteries and continue our sustainable growth strategy in 2017. As jackpots are still likely to be lower than in the previous year, we anticipate a significant reduction in marketing expenses with much lower new customer figures and higher CPL. We also expect an increase in billings of 15% to 20% with a stable gross margin compared to the previous year. Depending on external conditions – especially the jackpot trend – and marketing investments to attract new customers, EBIT is expected to slightly exceed break-even; net profit will be clearly above the break-even point.

Expected financial position

Based on our growing revenue streams and consistently high marketing expenses – albeit strongly reduced – we expect significantly lower use of funds in fiscal year 2017.

On 30 June 2017, we held cash and other financial assets totalling EUR 8,733 thousand. We intend to use these funds in part for marketing activities to attract new customers. Moreover, we will continue to widen our product portfolio with additional lotteries.

At our Annual General Meeting on 12 May 2015, the Executive Board was authorised to raise share capital by up to EUR 4,391,798 – or almost 20% of share capital – in the period up to 11 May 2020. During our capital increase for cash contributions in 2015, under exclusion of subscription rights, a total of 2,195,899 new shares with dividend entitlement were issued. In addition, the Executive Board is authorised to raise share capital by the remaining EUR 2,195,899 thousand.

Overall statement on the expected development of Lotto24 AG

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 rapidly growing online lottery market. We believe we are therefore well prepared for the future and are confident that we can not only consolidate and extend our lead as Germany's No. 1 online provider of lottery products but also benefit from the great potential of the online lottery segment.

RELATED PARTIES

Details on related parties are provided in Note 22.

Hamburg, 8 August 2017

The Executive Board



Petra von Strombeck
Chief Executive Officer



Magnus von Zitzewitz
Member of the Executive Board



Kai Hannemann
Member of the Executive Board

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CONDENSED INTERIM FINANCIAL STATEMENTS

INCOME STATEMENT

FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRS

in EUR thousand	Notes	Q. I-II 2017	Q. I-II 2016	Q. II 2017	Q. II 2016
Billings		112,772	84,509	54,572	43,077
Remitted stakes (less revenues)		-99,799	-75,281	-48,262	-38,270
Revenues	5	12,973	9,228	6,310	4,807
Other operating income	6	16	40	3	15
Total performance		12,989	9,268	6,313	4,822
Personnel expenses	7	-4,876	-4,004	-2,270	-2,023
Amortisation/depreciation on intangible assets and property, plant and equipment	15, 16	-542	-522	-250	-307
Other operating expenses	8	-7,219	-8,189	-3,314	-3,800
Result from operating activities (EBIT)		352	-3,447	478	-1,308
Revenues from financial activities	9	10	68	10	0
Expenses from financial activities	9	-187	-168	-83	-83
Financial result	9	-176	-101	-73	-83
Net profit before taxes		175	-3,547	406	-1,391
Income taxes	10	434	2,138	1,300	780
Net profit (after taxes)		609	-1,409	1,706	-611
Earnings per share (undiluted and diluted, in EUR/share)		0.03	-0.06	0.07	-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

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

STATEMENT OF COMPREHENSIVE INCOME

FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRS

in EUR thousand	Notes	Q. I-II 2017	Q. I-II 2016	Q. II 2017	Q. II 2016
Net profit for the period		609	-1,409	1,706	-611
Other comprehensive income to be reclassified to the income statement in subsequent periods					
Revaluation gains (+)/losses (-) from available-for-sale financial assets	11	9	66	9	57
Income tax effects	10	-3	-21	-3	-18
Other comprehensive income after taxes		6	45	6	39
Total comprehensive income after taxes		615	-1,364	1,712	-572

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

BALANCE SHEET

AS AT 30 JUNE ACCORDING TO IFRS

	Notes	30.06.2017	31.12.2016
ASSETS in EUR thousand			
Current assets			
Cash and cash equivalents	11	8,733	9,481
Other financial assets	11	-	697
Trade receivables	12	309	274
Other receivables and prepaid expenses	13	4,333	11,669
Current assets, total		13,374	22,121
Non-current assets			
Goodwill	14	18,850	18,850
Intangible assets	15	552	445
Property, plant and equipment	16	1,400	1,404
Deferred tax assets	10	5,859	5,429
Non-current assets, total		26,661	26,128
ASSETS		40,035	48,250
EQUITY AND LIABILITIES in EUR thousand			
Current liabilities			
Trade payables	17.1	1,270	1,957
Other liabilities	17.2	10,141	18,821
Short-term provisions	18	1,265	1,599
Current liabilities, total		12,676	22,377
Non-current liabilities			
Interest-bearing financial loans	19	2,117	2,257
Long-term provisions	20	2,537	1,525
Non-current liabilities, total		4,654	3,782
Equity			
Subscribed capital	21	24,155	24,155
Capital reserves	21	41,012	41,012
Other reserves	21	-	-6
Retained earnings	21	-42,461	-43,070
Equity, total		22,705	22,091
EQUITY AND LIABILITIES		40,035	48,250

CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRS

	Q. I-II 2017	Q. I-II 2016
in EUR thousand		
Net profit before tax	175	-3,547
Adjustments for:		
Amortisation/depreciation on non-current assets	542	522
Financial income/financial expenditure	176	101
Other non-cash expenses/income	4	14
Reclassified to cash flow from investing activities (asset disposals)	-	2
Changes in:		
Trade receivables	-35	-81
Other assets and prepaid expenses	7,337	816
Trade payables	-688	-610
Other liabilities	-7,340	335
Short-term provisions	-333	196
Long-term provisions	1,012	-23
Interest received	10	68
Interest paid	-206	-172
Cash flow from operating activities	654	-2,379
Payments received (+)/disbursements (-) for financial instruments	5	4,639
Investments in intangible assets	-343	-313
Investments in tangible assets	-301	-55
Net losses (-)/gains (+) from asset disposals	-	2
Cash flow from investing activities	-639	4,273
Payments received (+) from taking out/disbursements (-) for redeeming financing loans	-1,460	-312
Cash flow from financing activities	-1,460	-312
Change in available funds	-1,445	1,582
Available funds at the beginning of the period	10,178	5,073
Available funds at the end of the period	8,733	6,655
Composition of cash, cash equivalents and securities at the end of the period	8,733	6,655
Cash	8,733	5,260
Available-for-sale financial investments (available <3 months)	-	1,395

Explanations are provided in Note 3.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE ACCORDING TO IFRS

	Subscribed capital	Capital reserves	Other reserves	Retained earnings	Total equity
in EUR thousand					
As at 1 January 2016	24,155	41,012	-56	-40,748	24,362
Net profit	-	-	-	-1,409	-1,409
Other comprehensive income	-	-	45	-	45
Total comprehensive income	-	-	45	-1,409	-1,364
As at 30 June 2016	24,155	41,012	-11	-42,157	22,998
Net profit	-	-	-	-913	-913
Other comprehensive income	-	-	5	-	5
Total comprehensive income	-	-	5	-913	-908
As at 31 December 2016	24,155	41,012	-6	-43,070	22,091
As at 1 January 2017	24,155	41,012	-6	-43,070	22,091
Net profit	-	-	-	609	609
Other comprehensive income	-	-	6	-	6
Total comprehensive income	-	-	6	609	615
As at 30 June 2017	24,155	41,012	0	-42,461	22,705

Explanations are provided in Note 21.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS ACCORDING TO IFRS FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

1 GENERAL

These condensed interim financial statements and interim management report for the first six months of 2017 (reporting period: 1 January 2017 to 30 June 2017) of Lotto24 AG

- were prepared in accordance with IAS 34 »Interim Financial Reporting«, taking into account the valid IFRS standards and IFRIC interpretations of the International Accounting Standards Board (IASB) as applicable in the EU,
- do not include all information and disclosures required for IFRS separate financial statements and are therefore to be read in conjunction with the IFRS separate financial statements as of 31 December 2016,
- were not subjected to an auditor's review,
- were approved for publication by a resolution of the Executive Board on 8 August 2017.

Lotto24 AG has no subsidiaries and is still in the growth phase. Its main activity is the online brokerage of state-licensed lotteries in Germany. It is domiciled in Hamburg. The Company's registered office is located at Strassenbahnring 11, 20251 Hamburg, Germany.

The Company's parent company has been Othello Vier Beteiligungs GmbH & Co. KG, Hamburg, Germany, since 16 July 2015. Lotto24 AG is included in the consolidated financial statements of Günther GmbH, Bamberg, Germany.

2 GENERAL ACCOUNTING PRINCIPLES

The same accounting policies were used for this interim report as for the IFRS separate financial statements as of 31 December 2016, where the corresponding details are also provided. There are no new or revised standards and interpretations to be applied in 2017 which have a significant impact on the IFRS interim financial statements. The content and effects of the amendments are described below. Unless stated otherwise, amounts are stated in thousands of euros (EUR thousand), which may lead to accounting differences from rounding in certain cases.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The IASB's amendments are intended to improve information about an entity's financing activities and liquidity. In particular, it should enable users of financial statements to evaluate more accurately any changes in financial liabilities.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify how deferred tax assets should be recognised in other comprehensive income for unrealised losses in connection with the valuation of debt instruments at fair value.

Annual Improvements of IFRS 2014 to 2016 Cycle

The idea behind the Annual Improvements Project is to make non-urgent but necessary amendments to existing IFRSs that are not implemented in other major projects.

It results in amendments to three standards:

- *IFRS1 First-time Adoption of International Financial Reporting Standards*: the amendments deal with the deletion of short-term exemptions in paragraphs E3-E7.
- *IFRS 12 Disclosure of Interests in Other Entities*: the amendments comprise clarifications on the scope of the standard.
- *IAS 28 Investments in Associates and Joint Ventures*: clarification that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

3 CASH FLOW STATEMENT

The cash flow statement is prepared pursuant to IAS 7 («Statement of Cash Flows»), whereby a distinction is made between cash flows from operating, investing and financing activities.

The cash flow from current activities was derived using the indirect method.

For the purpose of the cash flow statement, available funds comprised the following:

in EUR thousand	30.06.2017	31.12.2016
Cash	8,733	9,481
Available-for-sale financial investments (available <3 months)	-	697
Total	8,733	10,178

The short-term securities which are readily convertible and subject only to minor value fluctuation risks, and which were previously classified as cash equivalents, were sold (prior year: EUR 697 thousand).

in EUR thousand	30.06.2017	31.12.2016
Reconciliation to the balance sheet:		
Available-for-sale financial investments (available <3 months)	-	697
Other financial assets	-	697

4 SEGMENT REPORTING

Apart from the online brokerage of state-licensed lotteries there are no reportable segments.

5 REVENUES

in EUR thousand	Q. I-II 2017	Q. I-II 2016
Revenues	12,973	9,228
Total	12,973	9,228

The increase in billings also resulted in higher revenues of EUR 12,973 thousand (prior year: EUR 9,228 thousand). The increase in revenues resulted from the higher margins from lotto clubs, which we successfully launched in February 2016, as well as from agreed margins/quantity scales negotiated with certain state lottery companies. In the reporting period, the gross margin improved to 11.5% (prior year: 10.9%).

Thanks to our successful marketing activities, we also increased new customer registrations in the first half of 2017. As a result, the number of registered customers as of 30 June 2017 rose to 1,442 thousand (prior year: 1,058 thousand). It developed over the year as follows:

in Tsd.	2017	2016
Number of registered customers on 31 December of the previous year	1,282	883
First quarter (new customers)	95	106
Second quarter (new customers)	66	69
Number of registered customers on 30 June	1,442	1,058

Registered customers are those customers who have successfully completed the registration process on the Company's website. This number is disclosed after adjustment for multiple registrations and deregistrations.

6 OTHER OPERATING INCOME

in EUR thousand	Q. I-II 2017	Q. I-II 2016
Other operating income	16	40
Total	16	40

In the first six months of 2017, other operating income mainly comprised income from non-cash contributions for employees (EUR 13 thousand; prior year: EUR 14 thousand).

7 PERSONNEL EXPENSES

in EUR thousand	Q. I-II 2017	Q. I-II 2016
Salaries	-4,413	-3,518
Social security contributions	-463	-486
Total	-4,876	-4,004

The increase in personnel expenses to EUR -4,876 thousand (prior year: EUR -4,004 thousand) was mainly due to comparatively higher expenditure for long-term remuneration programmes of Executive Board members – consisting of phantom shares pegged to share performance and KPI-based compensation (revenues and EBIT) – as well as the year-on-year increase in headcount. Details on the Executive Board remuneration programme are provided in Note 20.

8 OTHER OPERATING EXPENSES

in EUR thousand	Q. I-II 2017	Q. I-II 2016
Marketing expenses	-4,046	-5,026
Direct operating expenses	-1,307	-1,094
Indirect operating expenses	-1,866	-2,069
Total	-7,219	-8,189

As of 30 June 2017, other operating expenses decreased year on year by EUR 970 thousand, from EUR -8,189 thousand to EUR -7,219 thousand.

The following factors influenced this development:

- In view of the generally favourable but also highly changeable jackpot situation for »Lotto 6aus49« and »EuroJackpot«, marketing expenses of EUR -4,046 thousand in the first half of 2017 were below the prior-year figure of EUR -5,026 thousand – due in part to reduced CPL.
- Partly due to a change in the payment method mix, direct costs of operations (mainly costs for billings-related payment transactions as well as B2B and business services) rose to EUR -1,307 thousand (prior year: EUR -1,094 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 fell from EUR -2,069 thousand to EUR -1,866 thousand. The decreased use of external management and consultancy services due to IT insourcing was a major factor in the decline of consultancy expenses to EUR -780 thousand (prior year: EUR -1,045 thousand).

9 FINANCIAL RESULT

in EUR thousand	Q. I-II 2017	Q. I-II 2016
Revenues from financial activities	10	68
Expenses from financial activities	-186	-168
Total	-176	-101

Revenues from financial activities result mainly from interest income accrued by interest-bearing investments of surplus liquidity. Expenses from financial activities largely relate to interest expenses for existing loans.

10 INCOME TAXES

The corporate income tax rate remained unchanged from 2016 at 15.0% and the solidarity surcharge was unchanged at 5.5% of corporate income tax.

The effective trade tax on income rate for Hamburg also remained unchanged in the first six months of 2017 at 16.45%. The same percentage is also used to calculate deferred taxes.

Deferred taxes under IAS 12 are calculated at the anticipated average tax rate at the time the differences are reversed. For the calculation of deferred taxes, the total tax rate amounted to 32.28% (prior year: 32.28%).

Taking into account budget planning and minimum taxation, there was an effective tax rate of -247.3% as of 30 June 2017.

Deferred tax assets and liabilities developed as follows:

in EUR thousand	30.06.2017	Income(+)/ expense(-)	Neutral (through equity)	01.01.2017
Deferred tax assets				
Deferred tax assets due to temporary differences	58	41	-3	20
Deferred tax assets due to tax loss carryforwards	7,829	595	-	7,234
	7,887	636	-3	7,254
Netting with deferred tax liabilities	-2,028			
Total	5,859			

in EUR thousand	30.06.2017	Income(+)/ expense(-)	Neutral (through equity)	01.01.2017
Deferred tax liabilities				
Deferred tax liabilities due to temporary differences (income statement)	2,028	-203	-	1,825
Deferred tax liabilities due to temporary differences (equity)	-	-	-	-
	2,028	-203	-	1,825
Netting with deferred tax assets	-2,028			
Total	0			

in EUR thousand	30.06.2016	Income(+)/ expense(-)	Neutral (through equity)	01.01.2016
Deferred tax assets				
Deferred tax assets due to temporary differences	19	6	-21	34
Deferred tax assets due to tax loss carryforwards	7,283	2,336	-	4,947
	7,301	2,341	-21	4,981
Netting with deferred tax liabilities	-1,622			
Total	5,679			

in EUR thousand	30.06.2016	Income(+)/ expense(-)	Neutral (through equity)	01.01.2016
Deferred tax liabilities				
Deferred tax liabilities due to temporary differences (income statement)	1,622	-203	-	1,420
Deferred tax liabilities due to temporary differences (equity)	-	-	-	-
	1,622	-203	-	1,420
Netting with deferred tax assets	-1,622			
Total	0			

The income taxes of EUR 434 thousand (prior year: EUR 2,138 thousand) disclosed in the income statement result from the total changes in deferred tax assets and deferred tax liabilities affecting the income statement. The income tax effects of changes in equity amounting to EUR -3 thousand (prior year: EUR -21 thousand) are explained in the notes on the statement of comprehensive income, the statement of changes in equity and Note 11.

Lotto24 AG recognises deferred tax assets for tax loss carryforwards, as the underlying planning and experience of management provides substantial indications that there will be sufficient corresponding taxable results within the next five years, under consideration of the German minimum tax regulations. Deferred tax liabilities (temporary differences) mainly result from the differing carrying amounts for goodwill according to IFRS and tax law.

The underlying planning also provides the basis for impairment tests of goodwill (see also Note 14). Planning considers the successful development of business so far and the continued validity of the permits granted. Moreover, Lotto24 has a significant competitive advantage: experienced management which has already successfully operated the marketing of online lottery brokerage and boasts experience in the lottery, gaming and e-commerce markets.

11 CASH AND OTHER FINANCIAL ASSETS

in EUR thousand	30.06.2017	31.12.2016
Cash		
Bank balances	8,732	9,481
Cash on hand	1	0
Total	8,733	9,481

Cash and cash equivalents are almost entirely held with three banks.

in EUR thousand	30.06.2017	31.12.2016
Reconciliation to other financial assets		
Other financial assets		
Available-for-sale financial investments	-	697
Held-to-maturity financial investments	-	-
Total	-	697

The floating rate notes and shares in pension and money market funds with a wide investment spread disclosed under available-for-sale financial investments were sold (prior year: EUR 697 thousand).

in EUR thousand	30.06.2017	31.12.2016
Reconciliation to available funds		
Cash	8,733	9,481
Other financial assets	-	697
Available funds	8,733	10,178

12 TRADE RECEIVABLES

in EUR thousand	30.06.2017	31.12.2016
Receivables from customers	285	246
Receivables from amounts passed on	19	24
Receivables from affiliated companies	4	5
Total	309	274

Trade receivables mainly comprise receivables from amounts passed on, reimbursement claims and open billing amounts from customers, which are all due in less than one year. Value adjustments based on past experience have been made to account for any impairment risks in nominal receivables from customers.

13 OTHER ASSETS AND PREPAID EXPENSES

in EUR thousand	30.06.2017	31.12.2016
Receivables from gaming operations	2,851	10,149
Deposits	982	976
Prepaid expenses	497	537
Tax receivables (VAT)	3	7
Others	-	-
Total	4,333	11,669

As a result of the changeable jackpot situation for the »Lotto 6aus49« and »EuroJackpot« lotteries and the respective settlement dates, receivables from gaming operations decreased and comprise receivables on customer winnings to be forwarded, as well as receivables from current payment processing and the Company's own brokerage commission claims.

Prepaid expenses mainly refer to maintenance and support services for software and hardware, as well as marketing services. Deposits include collateral to be provided to the state lottery companies.

As in the previous year, all other assets and prepaid expenses 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.

With the exception of tax receivables (VAT) and prepaid expenses, other assets and prepaid expenses comprise financial assets.

14 GOODWILL

The development of goodwill is presented in the table below.

in EUR thousand	2017	2016
Acquisition costs as of 1 January	18,850	18,850
Additions (purchased from third parties)	-	-
Additions (self-provided)	-	-
Disposals	-	-
Acquisition costs as of 30 June 2017/31 December 2016	18,850	18,850
Accumulated amortisation as of 1 January	-	-
Amortisation of the period	-	-
Disposals	-	-
Accumulated amortisation as of 30 June 2017/31 December 2016	-	-
Net book value as of 30 June 2017/31 December 2016	18,850	18,850

Goodwill consists of the business operation of online lottery brokerage contributed to the Company in the form of a contribution in kind. The resulting goodwill (by derivation) has no estimable life expectancy and is not amortised in scheduled amounts (impairment-only approach). Instead of amortisation, the asset is subjected to an impairment test according to IAS 36 at least once per year – or during the year if there are indications of impairment. The relevant technical, market-based, economic and legal parameters and conditions for the impairment test are continually monitored and updated. There were no aforementioned indications of impairment in the reporting period. No impairment test for goodwill was therefore conducted and no non-scheduled writedowns were recognised (prior year: EUR – thousand).

15 INTANGIBLE ASSETS

The development of intangible assets is presented in the table below:

in EUR thousand	2017	2016
Acquisition costs as of 1 January	1,673	1,124
Additions (purchased from third parties)	343	549
Additions (self-provided)	-	-
Disposals	-	-
Acquisition costs as of 30 June 2017/31 December 2016	2,016	1,673
Accumulated amortisation as of 1 January	-1,227	-574
Amortisation of the period	-237	-653
Disposals	-	-
Accumulated amortisation as of 30 June 2017/31 December 2016	-1,464	-1,227
Net book value as of 30 June 2017/31 December 2016	552	445

The useful life of intangible assets is between one and five years. On commencement of use, the intangible assets listed above mostly have useful lives of three years. There are no restrictions on rights of disposal and no assets were pledged as collateral for liabilities. The additions consist mainly of acquisition costs in connection with the ongoing development of the Lotto24 apps and the set-up of a business intelligence system.

16 PROPERTY, PLANT AND EQUIPMENT

With regard to the development of property, plant and equipment, we refer to the following table. The item comprises furniture, fixtures and office equipment.

in EUR thousand	2017	2016
Acquisition costs as of 1 January	2,329	2,244
Additions (purchased from third parties)	301	90
Additions (self-provided)	-	-
Disposals	-	-5
Acquisition costs as of 30 June 2017/31 December 2016	2,630	2,329
Accumulated depreciation as of 1 January	-925	-331
Depreciation of the period	-305	-594
Disposals	-	-
Accumulated depreciation as of 30 June 2017/31 December 2016	-1,230	-925
Net book value as of 30 June 2017/31 December 2016	1,400	1,404

The useful life of tangible assets is generally between one and five years. There are no restrictions on rights of disposal and no assets were pledged as collateral for liabilities. Additions mainly resulted from acquisitions of data centre equipment (EUR 260 thousand), as well as software and hardware for workstations (EUR 41 thousand).

There are currently no assets from financial leases.

17 CURRENT LIABILITIES

17.1 TRADE PAYABLES

in EUR thousand	30.06.2017	31.12.2016
Trade payables	1,270	1,957
Total	1,270	1,957

Trade payables mainly consist of payment obligations still due on the balance sheet date for marketing services as well as technical and legal consultancy services already received. As in the previous year, all trade payables are due within one year.

17.2 OTHER LIABILITIES

Other liabilities consist of the following items:

in EUR thousand	30.06.2017	31.12.2016
Liabilities from gaming operations	7,748	14,950
Interest-bearing loan	1,886	3,206
Amounts due in connection with taxes (VAT, payroll and church taxes) and social security	279	347
Holiday obligations	140	140
Interest liabilities	83	102
Other	5	75
Total	10,141	18,821

As of 30 June 2017, other liabilities fell to EUR 10,141 thousand (prior year: EUR 18,821 thousand). The year-on-year decline in liabilities from gaming operations to EUR 7,748 thousand was particularly strong (prior year: EUR 14,950 thousand). A very large »EuroJackpot« at the end of last year generated strong billings, which in turn resulted in a high level of liabilities due to the state lottery companies for tickets as well as to customers for their comparatively high winnings. This item, which is expected to increase further as billings grow, comprises obligations from invoicing 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 current payments, due within one year, for the loan in connection with IT insourcing (EUR 1,500 thousand; prior year: EUR 3,000 thousand) and the payments due within twelve months for IT equipment at our new data centres (hire purchase agreements: EUR 386 thousand; prior year: EUR 206 thousand).

As a result of reporting date effects, there was a decline in amounts due in connection with taxes – mostly from sales activities (EUR 173 thousand; prior year: EUR 246 thousand) and payroll obligations (EUR 106 thousand; prior year: EUR 101 thousand). Holiday obligations (EUR 140 thousand; prior year: EUR 140 thousand) were on a par with the previous year. Interest obligations disclosed at the end of the reporting period (EUR 83 thousand; prior year: EUR 102 thousand) result from loans taken out.

Apart from amounts due in connection with payroll processing and holiday obligations, this item comprises financial liabilities.

18 SHORT-TERM PROVISIONS

in EUR thousand	30.06.2017	31.12.2016
Share-based remuneration (short-term)	653	435
Bonus	543	1,095
Litigation costs	60	50
Other	10	19
Total	1,265	1,599

Bonus provisions were formed pro rata temporis in 2017. Share-based remuneration contains the payment amounts for the second tranche of phantom shares (2013–2017). Details are provided in Note 20. All provisions are expected to be used within one year.

19 LONG-TERM FINANCIAL LOANS

in EUR thousand	30.06.2017	31.12.2016
Günther Group loan	2,000	2,000
Obligations from hire purchase agreements	117	257
Total	2,117	2,257

Interest-bearing financial loans comprise longer-term financial obligations. They include the loan taken out with the Günther Group in September 2016 (EUR 2,000 thousand; prior year: EUR 2,000 thousand) and the non-current portion of hire purchase agreements for IT equipment at the new data centres in Germany (EUR 117 thousand; prior year: EUR 257 thousand). Further information is provided in Note 17.2.

20 LONG-TERM PROVISIONS

in EUR thousand	30.06.2017	31.12.2016
Share-based remuneration	2,537	1,525
Total	2,537	1,525

The members of the Executive Board have been granted a share-based remuneration programme (phantom shares with cash compensation). The imputed number of shares is issued in annual tranches in the middle of the calendar year and vested in prorated amounts over the twelve following months (pro rata temporis). Due to the increase in size of the Executive Board to three members, the initial value of the nominal remuneration claim in euro increased to EUR 410 thousand. The number of shares is calculated by dividing a nominal remuneration claim in euro (initial value) by the average Lotto24 share price (Xetra or a functionally comparable successor system) for the past 90 trading days. Claims to receive payment accrue after a vesting period of four years. The Company's share-based remuneration obligations are measured at fair value discounted for their remaining term using the rolling average Lotto24 share price (Xetra) for the past 90 trading days and are limited in their value growth to three times the initial value. As of fiscal year 2017, 50% of the share-based remuneration programme (phantom shares with cash compensation) was replaced by KPI-based compensation (revenues and EBIT). The respective initial budget and setting of KPI target threshold figures is decided in annual amounts at the beginning of the year and remunerated pro rata temporis. The starting value for the nominal compensation amount is EUR 205 thousand. Remuneration claims arise after a three-year vesting period. The remuneration claim is discounted to fair value depending on the remaining term and is limited in value to the double of the initial value.

21 EQUITY

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

in EUR thousand	30.06.2017	31.12.2016
Subscribed capital	24,155	24,155
Capital reserves	41,012	41,012
Other reserves	-	-6
Retained earnings	-42,461	-43,070
Total	22,705	22,091

At the Annual General Meeting on 12 May 2015, Authorised Capital was renewed. The Executive Board was hereby authorised to raise share capital for cash or non-cash contributions by up to EUR 4,391,798 («Authorised Capital 2015») – corresponding to almost 20% of share capital – in the period up to 11 May 2020 subject to approval by the Supervisory Board. Authorised Capital 2015 was partially used in the course of a capital increase for cash contribution in July 2015. As a result, the total number of no-par value shares issued by Lotto24 AG increased from 21,958,991 to 24,154,890. Following its partial utilisation, Authorised Capital still amounts to EUR 2,195,899. Other reserves include the result of revaluing available-for-sale financial assets after deduction of income tax effects.

22 RELATED PARTIES

In the reporting period, there were no reportable business relationships between Lotto24 AG, members of the Executive Board and members of the Supervisory Board in addition to those already existing on 31 December 2016. Detailed explanations are provided in Note 23 of the IFRS separate financial statements as of 31 December 2016.

23 DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

On 30 June 2017, Lotto24 AG held no available-for-sale financial instruments (prior year: EUR 697 thousand) measured at fair value (Level 1) and no held-to-maturity financial investments (prior year: EUR - thousand).

At the end of the reporting period, Lotto24 AG had no financial liabilities measured at fair value.

In the case of disclosed short-term financial instruments not measured at fair value, the carrying values represent a suitable approximate value for the respective fair value.

The scope of the credit risk of Lotto24 AG equals the sum of cash, short-term financial investments and other receivables. Detailed explanations are provided in Note 24 of the IFRS separate financial statements as of 31 December 2016.

In view of the ongoing adverse climate on the European and global financial markets, there may be a default risk both in respect of the cash and short-term financial assets themselves, as well as the accruing interest. Due to the total amount of cash and short-term financial assets held by Lotto24 AG, and the resulting absolute and relative importance, extensive management processes have been established to steer and regularly monitor the Company's investment strategy. Cash and short-term financial assets are invested in short-term securities offering as much liquidity and as little volatility as possible, while ensuring risk diversification. As of the balance sheet date, regular monitoring did not indicate any specific default risks in the portfolio.

24 EVENTS AFTER 30 JUNE 2017

Brokerage permit until 30 June 2021

With a decision dated 26 July 2017, the Ministry of the Interior for Lower Saxony granted us an extension permit to broker lotteries via the Internet until 30 June 2021, the day on which the current GlüStV expires. The restrictions and ancillary provisions it contains are largely unchanged from the previously valid restrictions – with the exception of discount schemes.

25 OTHER DISCLOSURES

25.1 EXECUTIVE BOARD

Lotto24 AG is headed by Petra von Strombeck (Chief Executive Officer), Magnus von Zitzewitz (member of the Executive Board) and Kai Hannemann (member of the Executive Board).

Ms von Strombeck is responsible for Corporate Strategy and Development, Marketing, Sales, the B2C (Business-to-Customer) and B2B (Business-to-Business) business fields, Investor Relations, Human Resources, and Organisation. Mr von Zitzewitz is responsible for Legal Affairs and Regulation, Finance, Accounting, Taxes, Controlling, Compliance, Risk Management and Communication. Mr Hannemann has taken over responsibility for IT Strategy, IT Systems, IT Processes and IT Operations, as well as Process and Innovation Management, and the B2G (Business-to-Government) business field.

The members of the Executive Board work on a full-time basis.

25.2 EMPLOYEES

At the end of the reporting period on 30 June 2017, Lotto24 AG had 86 employees (full-time equivalents, excluding the three Executive Board members, prior year: 75). 42% (prior year: 39%) of employees and 8 student helpers (prior year: 14) were employed in Marketing (including customer service). In customer service in particular, we are now focusing more on recruiting salaried employees in order to give our good service for customers more stability and continuity. 37% of our employees were employed in the IT department (prior year: 43%).

Hamburg, 8 August 2017

The Executive Board



Petra von Strombeck
Chief Executive Officer



Magnus von Zitzewitz
Member of the Executive Board



Kai Hannemann
Member of the Executive Board

RESPONSIBILITY STATEMENT

»To the best of our knowledge, and in accordance with the applicable reporting principles, the half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the half-year management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company in the remaining fiscal year.«

Hamburg, 8 August 2017

The Executive Board



Petra von Strombeck
Chief Executive Officer



Magnus von Zitzewitz
Member of the Executive Board



Kai Hannemann
Member of the Executive Board

KEY FIGURES

in EUR thousand	Q. II 2017	Q. I 2017	Q. IV 2016	Q. III 2016	Q. II 2016
Billings	54,572	58,200	58,968	57,043	43,077
Stakes to be remitted (less revenues)	-48,262	-51,537	-51,824	-50,657	-38,270
Revenues	6,310	6,663	7,145	6,386	4,807
Other operating income	3	14	17	1	15
Total performance	6,313	6,677	7,161	6,387	4,822
Personnel expenses	-2,270	-2,606	-2,343	-1,892	-2,023
Amortisation/depreciation on intangible assets and property, plant and equipment	-250	-292	-392	-333	-307
Other operating expenses	-3,314	-3,905	-4,675	-4,388	-3,800
Result from operating activities (EBIT)	478	-127	-249	-225	-1,308
Revenues from financial activities	10	-	-	-	0
Expenses from financial activities	-83	-104	-102	-89	-83
Financial result	-73	-104	-102	-89	-83
Net profit before taxes	406	-230	-351	-314	-1,391
Income taxes	1,300	-867	-626	379	780
Net profit	1,706	-1,097	-977	64	-611
Breakdown of other operating expenses					
Marketing expenses	-1,759	-2,288	-3,026	-2,773	-2,319
Direct operating expenses	-650	-656	-678	-691	-507
Indirect operating expenses	-905	-961	-971	-924	-975
Other operating expenses	-3,314	-3,905	-4,675	-4,388	-3,800

FINANCIAL CALENDAR

8 November 2017

Quarterly statement as of 30 September 2017

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