CREATE
A BETTER WORLD
OF LOTTERY

QUARTERLY FINANCIAL REPORT
1 JANUARY – 31 MARCH 2015

ZEAL

ZEAL Network SE ("ZEAL Network" or "the Company") and its consolidated companies ("ZEAL" or "the Group") specialise in the area of online lottery. ZEAL offers consumer-facing lottery-based games as well as Business-to-Business (B2B) solutions, under several brands. Our vision is to create a better world of lottery. ZEAL Network was founded in Germany in 1999 and transferred its registration to London in February 2014. ZEAL operated until November 2014 under the name Tipp24 SE. Its shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and are included in the SDAX index.

+13.3%
Revenue €34,902k

+1,025%
EBIT €14,097k

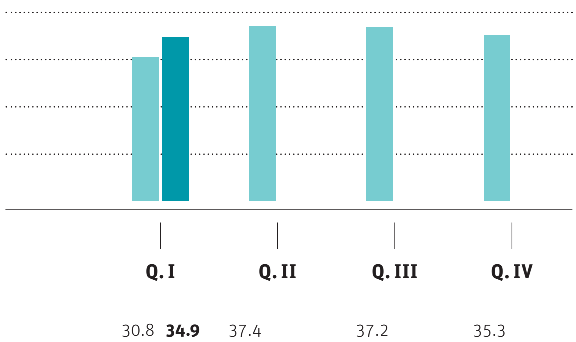
40.4%
EBIT margin

CONTENTS

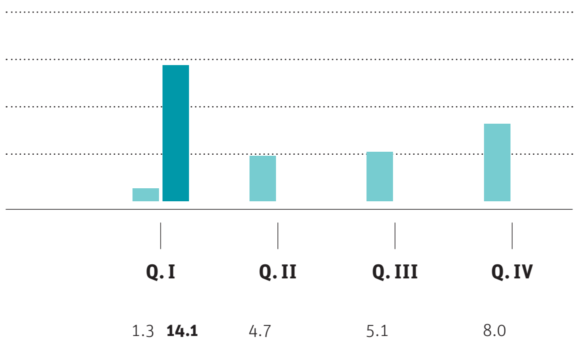
PERFORMANCE Q.I

2014 2015

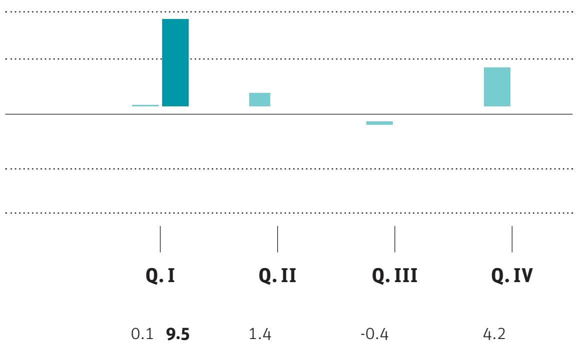
REVENUE in € million



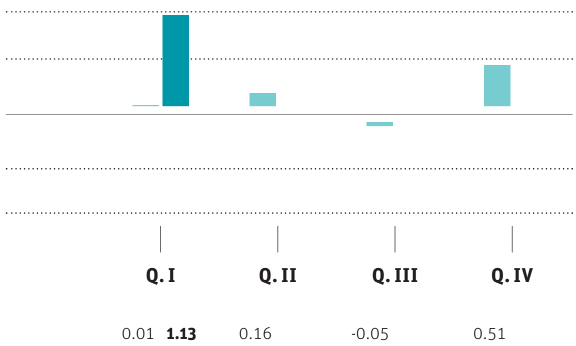
EBIT in € million



NET PROFIT[1] in € million



EARNINGS PER SHARE[1] in €



[1] from continuing operations

(Possible rounding differences in the Business Review and Interim Consolidated Financial Statements due to presentation in €k)

EXECUTIVE REVIEW

DEAR SHAREHOLDERS

Having laid the foundation for further growth in 2014, we created excellent prerequisites for ZEAL's future sustainable development – fully supporting our vision to create a better world of lottery.

GOOD PERFORMANCE IN FIRST QUARTER OF 2015

In the first quarter of 2015, we generated revenue of €34,902k – up 13.3% on previous year's result. Both, revenue and EBIT were positively impacted by lower pay-outs than statistically expected, in contrast to last year's first quarter when higher than statistically expected pay-outs hampered ZEAL's financial performance. Thanks to the lower impact of large jackpot pay-outs and decreased other operating expenses, EBIT rose significantly from €1,253k in the first quarter of 2014 to €14,097k in 2015. EBIT margin increased by 36.3 percentage points from 4.1% to 40.4%.

Adjusted for statistical deviations from the expected level of pay-outs, consolidated revenue fell by 11.9% to €32,112k (2014: €36,457k) while consolidated EBIT rose to €11,483k (2014: €5,946k) and EBIT margin to 35.8% (2014: 16.3%).

REVISED DIVIDEND POLICY

On 25 March 2015, the Executive Board and the Supervisory Board decided, with immediate effect, a revised dividend policy under which the Company will pay regular interim dividends, which are expected to amount to a total of at least €2.80 per share in the current year. We intend to pay interim dividends in four installments in 2015 and on a quarterly basis in 2016 and thereafter. ZEAL's dividend policy is subject to periodic review and possible amendments in the future depending on the earnings and financial position as well as other relevant factors. The first payment of the interim dividend, amounting to €0.70 per share, was made on 31 March 2015.

NEW CHIEF FINANCIAL OFFICER

Effective 1 February 2015, ZEAL Network SE has appointed Jonas Mattsson as new CFO and member of the Executive Board. We are happy to have complemented our management team with an experienced professional who has a remarkable professional track record as CFO in major global corporations. ZEAL will considerably benefit from his international management experience.

OUTLOOK: ATTRACTIVE OPPORTUNITIES

We see attractive growth opportunities in our target markets in Europe and North America. With our three strategic business areas, ZEAL is well positioned to capitalise on opportunities arising from changing regulatory conditions as well as from the low level of lottery industry digitalisation in many markets.

For 2015, we reiterate our expected consolidated revenue of €135 to 145 million and an increase in consolidated EBIT to between €35 and 45 million. The stated ranges for revenue and earnings take into account statistical fluctuations in pay-outs for the secondary lottery business.

The Executive Board

Dr. Hans Cornehl
Chairman

Dr. Helmut Becker

Jonas Mattsson

01
02
03
04

BUSINESS REVIEW

BUSINESS MODEL AND STRUCTURE

ZEAL Network SE ("ZEAL Network" or "the Company") and its consolidated companies ("ZEAL" or "the Group") activities are performed in the two "Abroad" and "Germany" segments. Notwithstanding significant structural changes during 2014 – amongst others the relocation of ZEAL Network to the UK – we have for reasons of consistency decided to keep the names of the segments in the interim reporting for the first three months of 2015. For clarity of understanding these are defined below.

"ABROAD" SEGMENT

The "Abroad" segment comprises the activities of MyLotto24 Limited ("MyLotto24") and its consolidated companies ("the MyLotto24 sub group"). MyLotto24 organises lottery betting business (secondary lotteries) based on various European lotteries, whereby it bears the bookmaking risk itself. MyLotto24 sells its products through its own website as well as through various national and international sales partners.

"GERMANY" SEGMENT

The "Germany" segment comprises:

- The lottery brokerage business in Spain.
- The international services business for lottery operators including online operation of the lottery games of the Spanish lottery operator ONCE (a national organisation for the blind and disabled people).
- The UK broker business that enables private business partners to host their own branded draw-based lotto products.
- The business of marketing the German class lotteries NKL and SKL in Germany.
- Our investments in associates and joint ventures.

ADAPTING THE FORMER BUSINESS MODEL IN GERMANY

Following the implementation of the second stage of the German State Treaty on Games of Chance (GlüStV 2008), which completely prohibited the brokering of state-run lotteries via the Internet as of 1 January 2009, ZEAL Network discontinued its lottery brokerage activities in Germany. We continue to fight in the courts for the resumption of business in Germany. On 1 January 2009, ZEAL Network transferred assets no longer required in Germany to the MyLotto24 sub group. This included both the online brokerage of state-run German lottery products, and the subsidiaries in Spain. In addition, ZEAL Network transferred the majority voting rights in the form of preference shares excluding their main economic rights in 2009 in both MyLotto24 Limited and its subsidiary Tipp24 Services Limited to a Swiss foundation set up by ZEAL Network. The transferred shares have a guaranteed limited right to dividends of up to a total of £30k p.a. The MyLotto24 sub group is consolidated in the ZEAL Network Group financial statements because the relevant criteria under IFRS 10 are met, as set out on page 62 of the Annual Report 2014.

LEGAL TRENDS AND MATTERS

Our main legal trends and factors are described in our 2014 Annual Report. Compared with the legal trends and factors presented there, no significant additional legal trends and factors arose for the Group in the first three months of 2015.

FINANCIAL REVIEW

STATISTICAL FLUCTUATION DIFFERENCES

In the lotteries on whose results ZEAL relies, there are fixed underlying pay-out ratios (ratio of pay-outs to stakes) for on-going lottery draws. For our main products this is approximately 50%. The expected pay-out ratio for secondary lotteries is the same as for the primary lotteries.

There may be deviations from this expected pay-out ratio during the actual draws. The difference between the actual pay-out and the expected prize pay-out is referred to as "statistical fluctuation differences" in this report.

In order to aid comprehension of the financial statements and earnings position, we disclose the effect of deviations between the expected and actual pay-out ratio by presenting adjusted revenue and EBIT, calculated as they would have been had pay-outs been at the expected ratio levels. In the current period, we have adjusted the calculation to reflect the changes in product mix, given certain products have pay-out ratios varying from 50%. This change more accurately reflects the long-term pay-out expectations for the Group's products.

LARGE JACKPOT PAY-OUTS

When comparing figures with those of the previous year, the following large jackpot pay-outs should be taken into consideration: MyLotto24 Limited recorded no large jackpot pay-out in the first three months of 2015 compared to one large jackpot pay-out in the first three months of 2014 of €6.7 million. Total pay-outs for secondary lotteries in the first three months of 2015 were €2.8 million below the expected pay-out value (in the first three months of 2014, the comparable figure was €5.6 million above the expected pay-out value) with an impact on revenue of the same amount. This benefited EBIT by an amount of €2.6 million (in the previous first quarter EBIT was reduced by €4.7 million).

Revenue

	01/01–31/03/2015	01/01–31/03/2014
in €k		
Actual	34,902	30,810
Expected	32,112	36,457
Deviations	**2,790**	**-5,647**

EBIT

	01/01–31/03/2015	01/01–31/03/2014
in €k		
Actual	14,097	1,253
Expected	11,483	5,946
Deviations	**2,614**	**-4,693**

01

02

03

04

The following table details the interim consolidated statements of the operations of ZEAL for the three months ended 31 March:

	01/01–31/03/2015	01/01–31/03/2014	
in €k			Change %
Revenue	34,902	30,810	13.3
Other operating income	1,161	1,524	-23.8
Personnel expenses	-6,391	-3,605	77.3
Other operating expenses	-14,620	-25,956	-43.7
Exchange rate differences	830	156	432.1
Operating expenses	**-19,020**	**-27,881**	**-31.8**
EBITDA	**15,882**	**2,929**	**442.2**
Amortisation and depreciation	-1,785	-1,676	6.5
EBIT	**14,097**	**1,253**	**1,025.1**
Financial result	-986	-530	86.0
Earnings before taxes	**13,111**	**723**	**1,713.4**
Income taxes	-3,652	-587	522.1
Profit from continuing operations	**9,459**	**136**	**6,855.1**
Profit after tax from discontinued operations	0	-27	-100.0
Profit for the period	**9,459**	**109**	**8,578.0**
Breakdown of other operating expenses			
Marketing expenses	-1,756	-3,413	-48.5
Direct costs of operations	-7,087	-13,306	-46.7
Other costs of operations	-5,777	-9,237	-37.5
Other operating expenses	**-14,620**	**-25,956**	**-43.7**

REVENUE

In the first three months of 2015, ZEAL generated revenue of €34,902k (2014: €30,810k). Before taking into account consolidation eliminations of €146k, the "Abroad" segment accounted for €33,538k (2014: €29,363k) and the "Germany" segment for €1,510k (2014: €1,448k).

Revenue was positively impacted by lower pay-outs than statistically expected (in the previous year, revenue was negatively impacted due to higher than statistically expected pay-outs).

Adjusted for statistical fluctuation differences, consolidated revenue fell by -11.9% to €32,112k (2014: €36,457k).

01
02
03
04

EBIT

The lower impact of large jackpot pay-outs described above and the decrease of other operating expenses, as explained below, led to consolidated EBIT in the first three months 2015 of €14,097k being significantly higher compared to the same period of 2014 (€1,253k). The EBIT margin increased by 36.3 percentage points, from 4.1% to 40.4%.

After adjusting for statistical fluctuation differences from the expected level of pay-outs, adjusted EBIT amounted to €11,483k (2014: €5,946k) and the adjusted EBIT margin to 35.8% (2014: 16.3%).

The "Germany" segment posted an EBIT result of €-3,390k (2014: €-3,398k) before consolidation eliminations, while the "Abroad" segment achieved EBIT of €17,488k (2014: €4,840k).

EXPENSES

In the first three months of 2015, personnel expenses were 77.3% up at €6,391k (2014: €3,605k). The year-on-year increase in personnel expenses resulted mainly from a cost which has moved from other operating expenses following the acquisition of a third party technical service provider (€3,009k).

Compared to the previous year, other operating expenses decreased in the first three months of 2015 from €25,956k to €14,620k. The most significant factors were:

- €1,657k decrease in marketing expenses.
- €4,101k decrease in gaming duty due to HM Treasury amended gaming taxation, which was amended to a place-of-consumption basis in December 2014.
- €3,009k decrease due to the cost shift to personnel expenses noted above.
- €1,769k decrease in hedging transactions of MyLotto24 Limited.

FINANCIAL RESULT

The share of the losses of the associate and joint venture (Geonomics Global Games Limited and Geo24 UK Limited) contributed in the first three months of 2015 €-955k (2014: €-751k) to the financial result. The majority of the start-up costs in these companies were personnel related costs and marketing spendings.

TAX

At 27.9%, the consolidated tax rate in the first three months was much lower than in the previous year (81.2%) due to the strong result in the "Abroad" segment. As the two segments are treated as different tax units, losses of the "Germany" segment cannot be offset against earnings of the "Abroad" segment. Fluctuations in the mix of losses and earnings between these segments year on year therefore have a direct result on the Group's consolidated tax rate and contribute to fluctuations in the rates realised each year.

DIVIDEND POLICY

On 25 March 2015, the Executive Board and the Supervisory Board decided, with immediate effect, a revised dividend policy under which the Company will pay regular interim dividends, which are expected to amount to a total of at least €2.80 per share in the current year, 2015. Interim dividends are expected to be paid in four installments in 2015 and on a quarterly basis in 2016 and thereafter: an announcement of the amount of each dividend, and the record date for entitlement to the dividend, will be made in advance of payment of the dividend. The Company's dividend policy is subject to periodic review and may be amended in the future depending on the earnings and financial position of the Company as well as other relevant factors. The first payment of the interim dividend, amounting to €0.70 per share, was made on 31 March 2015.

CASH FLOW AND CAPITAL MANAGEMENT

In the first three months of 2015, investing activities resulted in cash outflows of €77k (2014: cash outflows of €687k).

01
02
03
04

LIQUIDITY ANALYSIS

	31/03/2015	31/03/2014
in €k		
Key cash flow positions		
Cash from operating activities	10,820	8,971
Cash used in investing activities	-77	-687
thereof investments in intangible assets	-44	-89
thereof sale of intangible assets	0	112
thereof fixed asset investments	-33	-709
Cash used in/from financing activities	-5,870	0
Changes in cash and pledged cash and short-term deposits	**4,873**	**8,285**
Cash and pledged cash and short-term deposits at the beginning of the period	108,140	156,129
Cash and pledged cash and short-term deposits at the end of the period	**113,013**	**164,415**

At €10,820k, cash from operating activities in the first three months of 2015 was €1,849k above the comparable 2014 figure of €8,971k. This was mainly due to higher earnings before tax.

As explained in the investment analysis section above, cash used in investing activities amounted to €-77k in the period under review (2014: €-687k). Due to the first payment of a regular interim dividend in March 2015, cash used in financing activities amounted to €-5,870k (2014: €0k).

As of 31 March 2015, ZEAL had cash and pledged cash and short-term deposits of €113,013k (2014: €164,415k). This includes funds that ensure that MyLotto24 Limited is sufficiently financed to effect payments of potential relevant jackpot winnings.

FORECAST

After the first three months of 2015, for 2015, ZEAL Network reiterates their published forecast, consolidated revenue in the range of €135 to 145 million and consolidated EBIT to between €35 and 45 million.

The stated ranges for revenue and earnings also take into account statistic fluctuations in pay-outs for the secondary lottery business.

01
02
03
04

OTHER INFORMATION

The risk management, our business risks and opportunities are detailed in our 2014 Annual Report on pages 17 to 21. Compared with the risks and opportunities presented there, no significant additional opportunities and risks arose for ZEAL in the first three months of 2015.

GOING CONCERN

The Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that ZEAL has adequate resources to continue for the foreseeable future. The Group holds €97.2 million in cash at the period end (31 December 2014: €92.6 million). The Group expects to deliver revenue and profit growth in the period ahead. For these reasons, the Directors have adopted the going concern basis in preparing the financial statements.

DIRECTORS OF THE COMPANY

The directors who held office during the period were:

- Dr. Hans Cornehl
- Dr. Helmut Becker
- Jonas Mattsson

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, as well as a fair review of information on material transactions with related parties and changes since the last Annual Report together with a description of the principle risks and uncertainties associated with the expected development of the Group for the remaining months of the financial year.

12 May 2015

Dr. Hans Cornehl	Jonas Mattsson
CEO	CFO

INTERIM CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH

in €k	Notes	Q.I 2015	Q.I 2014
Revenue	1	34,902	30,810
Other operating income		1,161	1,524
Total operating performance		**36,063**	**32,334**
Personnel expenses	2	-6,391	-3,605
Amortisation/depreciation on intangible assets and property, plant and equipment		-1,785	-1,676
Exchange rate differences		830	156
Other operating expenses	3	-14,620	-25,956
Marketing expenses		-1,756	-3,413
Direct costs of operations		-7,087	-13,306
Other costs of operations		-5,777	-9,237
Result from operating activities (EBIT)		**14,097**	**1,253**
Income from financial activities		31	314
Financing costs		-62	-93
Share of result from associated companies		-332	-263
Share of result from joint ventures		-623	-488
Financial result		**-986**	**-530**
Result from ordinary activities		**13,111**	**723**
Income taxes	5	-3,652	-587
Profit from continuing operations		**9,459**	**136**
Profit after tax from discontinued operations		0	-27
Consolidated net profit [1]		**9,459**	**109**
Earnings per share (basic and diluted, in €/share)		1.13	0.02
Earnings per share from continuing operations (basic and diluted, in €/share)		1.13	0.01

[1] *The consolidated net profit is attributable to the owners of ZEAL Network SE, London, UK.*

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH

in €k	**Q.I 2015**	Q.I 2014
Net profit for the period	**9,459**	**109**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Profit/loss on available-for-sale financial assets (AFS)	162	-598
Income tax effect	0	135
Other comprehensive income, net of tax	**162**	**-463**
Total comprehensive income for the period, net of tax	**9,621**	**-354**

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT

		31/03/2015	31/12/2014
ASSETS in €k	Notes		
Current assets			
Cash and pledged cash		97,248	92,585
Short-term financial assets		15,765	15,555
Trade and other receivables		1,906	1,810
Income tax receivables		710	710
Other current assets and prepaid expenses		9,474	10,637
Total current assets		**125,103**	**121,297**
Non-current assets			
Intangible assets		6,155	7,614
Other equipment, furniture & fixtures and leased assets		2,667	2,942
Shares in associated companies	7	14,634	14,965
Shares in joint ventures	8	6,813	7,428
Other assets and prepaid expenses		0	20
Deferred tax assets		1,122	1,140
Total non-current assets		**31,391**	**34,109**
ASSETS		**156,494**	**155,406**

EQUITY & LIABILITIES in €k	Notes	31/03/2015	31/12/2014
Current liabilities			
Trade payables		7,024	7,505
Other liabilities		16,766	21,406
Financial liabilities		123	109
Deferred income		3,314	2,895
Income tax liabilities		5,472	4,862
Short-term liabilites		2,110	694
Total current liabilities		**34,809**	**37,471**
Long-term liabilities		682	682
Total non-current liabilites		**682**	**682**
Equity			
Subscribed capital		8,385	8,385
Capital reserves		21,578	21,578
Other reserves		-444	-606
Retained earnings	6	91,484	87,896
Total equity		**121,003**	**117,253**
EQUITY & LIABILITIES		**156,494**	**155,406**

INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH

	Q.I 2015	Q.I 2014 restated
in €k		
Profit from continuing operations before tax	13,111	723
Profit from discontinued operations after tax	0	-27
Result before tax	**13,111**	**696**
Adjustments for		
Amortisation/depreciation on non-current assets	1,785	1,667
Result from disposal of non-current assets	19	-112
Revenue from financial activities	-31	-314
Expense from financial activities	62	93
Share of result of associated companies	332	263
Share of result of joint ventures	623	476
Other non-cash changes	567	21
Changes in		
Trade and other receivables	1,067	1,477
Financial assets	0	4,511
Non-current other assets or prepaid expenses	20	81
Trade payables	-481	-3,634
Other liabilities	-4,626	7,133
Short-term provisions	1,416	127
Deferred income	419	-437
Interest received	31	314
Interest paid	-62	-93
Taxes paid	-3,432	-3,298
Cash flow from operating activities	**10,820**	**8,971**

01
02
03
04

	Q.I 2015	Q.I 2014 restated
in €k		
Payments for investments in intangibles assets	-44	-89
Proceeds from sale of intangible assets	0	112
Payments for investments in property, plant and equipment	-33	-709
Cash flow used in investing activities	**-77**	**-687**
Dividends paid	-5,870	0
Cash flow used in financing activities	**-5,870**	**0**
Changes in cash and pledged cash and short-term deposits	4,873	8,285
Cash and pledged cash and short-term deposits at the beginning of the period	108,140	156,129
Cash and pledged cash and short-term deposits at the end of the period	**113,013**	**164,415**
Composition of cash at the end of the period		
Cash and pledged cash	97,248	139,677
Short-term deposits	15,765	24,737
	113,013	**164,415**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014 AND FOR THE THREE MONTHS ENDED 31 MARCH 2015

	Subscribed capital	Capital reserves	Other reserves	Retained earnings	**Total equity**
in €k					
As at 1 January 2014	**8,385**	**22,741**	**-209**	**144,639**	**175,556**
Dividend	0	0	0	-62,888	-62,888
Other reserves movements	0	-1,163	0	946	-217
Other results	0	0	-397	-118	-515
Net profit 2014	0	0	0	5,317	5,317
Total net profit 2014	0	0	-397	5,199	4,802
As at 31 December 2014	**8,385**	**21,578**	**-606**	**87,896**	**117,253**
As at 1 January 2015	**8,385**	**21,578**	**-606**	**87,896**	**117,253**
Dividend	0	0	0	-5,870	-5,870
Other reserves movements	0	0	0	0	0
Other results	0	0	162	0	162
Net profit 2015	0	0	0	9,459	9,459
Total net profit 2015	0	0	162	9,459	9,620
As at 31 March 2015	**8,385**	**21,578**	**-444**	**91,484**	**121,003**

SEGMENT REPORTING

ZEAL's activities are performed in the two "Abroad" and "Germany" segments. Notwithstanding significant structural changes within ZEAL in the course of the year 2014 – amongst others the relocation of ZEAL Network to the UK – we have for reasons of consistency decided to keep the names of the segments for the purpose of the current interim financial statements. For clarity of understanding these are defined below.

"ABROAD" SEGMENT

The "Abroad" segment comprises the activities of the MyLotto24 sub group. MyLotto24 organises secondary lotteries based on various European lotteries, whereby it bears the bookmaking risk itself. MyLotto24 sells its products through its own website as well as through various national and international sales partners.

"GERMANY" SEGMENT

The "Germany" segment comprises:

- *The lottery brokerage business in Spain.
- *The international services business for lottery operators including online operation of the lottery games of the Spanish lottery operator ONCE (known as national organisation for the blind and disabled people).
- *The UK broker business that enables private business partners to host their own branded draw-based lotto product.
- The business of marketing the German class lotteries NKL and SKL in Germany.
- *The investments in the international provider of an online lotto game based on a virtual map and the organisation and marketing of that product to end consumers in UK.

The elements of this segment marked with an asterisk were transferred from the "Abroad" segment to the "Germany" segment on 1 October 2014. The comparable figures for Q.I 2014 have been restated to reflect this change.

No segments were pooled together to form the above reportable business segments. The identification of each segment is evaluated on the basis of revenue and EBIT. Financial expenses and income and income taxes are controlled separately within the segments ("Germany" and "Abroad") and recorded in the individual business segments. Transfer prices between segments were calculated on an arm's length basis.

Segment reporting	"Germany"		"Abroad"		Consolidation		Consolidated	
	01/01–31/03		01/01–31/03		01/01–31/03		01/01–31/03	
	2015	2014 restated	**2015**	2014 restated	**2015**	2014 restated	**2015**	2014
in €k								
Revenue	**1,510**	**1,448**	**33,538**	**29,363**	**-146**	**-2**	**34,902**	**30,810**
Depreciation/amortisation	69	-44	1,716	-1,235		-397	1,785	-1,676
EBIT	**-3,390**	**-3,398**	**17,488**	**4,840**	**1**	**-190**	**14,097**	**1,253**
Financial result	90,023	79,107	-10	363	-91,000	-80,000	-986	-530
Income tax		13	-3,652	-691		91	-3,652	-587
Profit from continuing operations	**86,633**	**75,722**	**13,826**	**4,512**	**-91,000**	**-80,098**	**9,459**	**136**
Assets	**113,009**	**137,265**	**111,391**	**108,735**	**-86,547**	**-58,812**	**137,866**	**187,188**
Debts	**115,489**	**139,332**	**122,054**	**131,328**	**-86,521**	**-58,799**	**151,022**	**211,861**

01
02
03
04

SELECTED EXPLANATORY NOTES

GENERAL

The interim condensed consolidated financial statements for ZEAL and its subsidiaries (collectively, the Group) for the three months ended 31 March 2015 where authorised for issue in accordance with a resolution of the directors on 12 May 2015.

ZEAL SE (the Company) was incorporated and domiciled in London, UK, its shares are publicly traded (registered in England and Wales No. SE000078).

As of 10 February 2014, the registered shares of ZEAL SE are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange in the form of so-called Clearstream Interests (CI) under the ISIN GB00BHD66J44/WKN TIPP024.

The interim condensed consolidated financial statements for the three months ended 31 March 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Accordingly, these interim condensed consolidated financial statements do not include all of the information and disclosures required by IFRS for complete financial statements for year-end-reporting purposes.

The interim condensed consolidated financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for interim periods. Results of the period ended 31 March 2015, are not necessarily indicative of future results.

The reporting period is 1 January to 31 March 2015.

The same accounting policies and calculation methods were used for these interim condensed consolidated financial statements as for the consolidated financial statements as at 31 December 2014.

In the period ended as at 31 March 2014 cash flow statement, cash and cash equivalents was presented without short term financial assets of €24,737k which do meet the cash equivalents definition. In that period the cash flow statement as at 31 March 2014 has therefore been restated to include these in cash and cash equivalents which reduced the cash flow from investing activities from €48,886k to -€687k and increased the cash and cash equivalents from €139,320k to €164,415k.

In the period under review, on 15 January 2015, ZEAL SE purchased from Smartgames Technologies Limited 25% of the shares in Tipp24 Investment 1 Limited and 25% of the shares in Tipp24 Investment 2 Limited. ZEAL SE now owns 100% of Tipp24 Investment 1 Limited and Tipp24 Investment 2 Limited.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those adopted in the preparation of the annual financial statement for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standards, interpretation or amendment that have been issued but are not yet effective.

The nature and the impact of each new standard or amendment are described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

01
02
03
04

Annual Improvements 2011–2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

ZEAL SE is not a joint arrangement, and thus this amendment is not relevant for the Group.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

1 REVENUE

Compared with the first three months of 2014, revenue for the three months ended 31 Mach 2015 rose by €4,092k to €34,902k.

2 PERSONNEL EXPENSES

In the first three months of 2015, personnel expenses were 77.3% up at €6,391k (2014: €3,605k). The year-on-year increase in personnel expenses resulted mainly from (i) a cost shift from other operating expenses due to acquisition of a former technical service provider (€3,009k) and (ii) organic headcount growth (€60.6k).

3 OTHER OPERATING EXPENSES

The decrease in other operating expenses resulted mainly from decreased marketing and direct costs of operation (year-on-year decrease of €7,876k) and other costs of operation (year-on-year decrease of €3,460k).

4 TAXES

In the course of a tax inspection, there is currently a dispute with the relevant tax authority regarding the validity of tax assessments for various items in the inspection period (fiscal years 2005 to 2007 inclusive).

Although we have grounds to believe that all the items queried by the tax authority were correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant authority may come to a different conclusion and successfully uphold this view in any respective legal proceedings.

As a result, there is a total tax risk of up to €3.2 million, which might have a correspondingly negative effect on the earnings, financial position and net assets of ZEAL.

5 INCOME TAX

The tax calculation of the Group is based on a tax ratio which suitably reflects the tax expense.

in €k	**Q.I 2015**	Q.I 2014
Current income tax expense	3,640	986
Current deferred tax expense/income	12	-399
Total income tax	**3,652**	**587**

6 DIVIDEND

ZEAL SE intends to pay sustainable annual dividends of a total of at least €2.80 for 2015. Dividends shall be paid in quarterly instalments. On 31 March 2015 the shareholders was distributed an interim dividend of €0.70 per share in respect of the 2015 business year.

7 INVESTMENT IN AN ASSOCIATE

The Group holds a stake of 25.7% in Geonomics Global Games Limited, London, UK. Geonomics has its own licence to operate and market GeoLotto – a lotto game based on a virtual map. In addition to this B2C model in the UK, Geonomics plans to sell the end-user product as a B2G solution to state lottery companies and gaming companies.

Geonomics Global Games Limited is accounted for in the consolidated financial statements using the equity method. The fiscal year of Geonomics Global Games Limited ends on 31 December.

in €k	**31/03/2015**	31/12/2014
Summary of the assets and liabilities of the associated company		
Current assets including cash and cash equivalents of €2,284k (2014: €2,980k)	2,923	3,561
Non-current assets[1]	54,739	55,349
Current liabilities	-720	-680
Non-current liabilities	–	–
Net assets	**56,942**	**58,230**
27.5% share of the net assets	14,634	14,965
Group's carrying amount of the investment	**14,634**	**14,965**

[1] *Non-current assets includes goodwill arising on the Group's investment in Geonomics Global Games.*

01
02
03
04

in €k	Q.I 2015	Q.I 2014
Summary of profit or loss of the associated company		
Revenue	549	395
Loss from continuing operations, after depreciation and amortisation of €188k (2014: €350k), finance income of €16k (2014: €30k), finance expense of nil (2014: €1k) and income tax of nil (2014: €nil)	-840	-1,512
Total comprehensive income	-840	-1,512

8 INTEREST IN A JOINT VENTURE

On 1 October 2013, Tipp24 Investment 2 Limited acquired 50% of the shares in Geo24 UK Limited in London, UK. Geo24 UK Limited operates GeoLotto, a lotto game based on a virtual map.

Geo24 UK Limited is accounted for in the consolidated financial statements using the equity method. The fiscal year of Geo24 UK Limited ends on 31 December.

in €k	31/03/2015	31/12/2014
Summary of the assets and liabilities of the joint venture company		
Current assets including cash and cash equivalents of €2,769k (2014: €3,710k)	2,809	3,802
Non-current assets[1]	11,509	11,838
Current liabilities	-692	-783
Non-current liabilities	–	–
Net assets	**13,626**	**14,856**
50% share of the net assets	6,813	7,428
Group's carrying amount of the investment	**6,813**	**7,428**

[1] *Non-current assets includes goodwill arising on the Group's investment in Geo24 Limited.*

in €k	Q.I 2015	Q.I 2014
Summary of profit or loss of the joint venture company		
Revenue	55	5
Loss from continuing operations, after depreciation of €132k (2014: €1k), finance income of €3k (2014: €1k), finance expense of nil (2014: €nil) and income tax of nil (2014: €nil)	-1,246	-976
Total comprehensive income	-1,246	-976

9 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial instruments included in the following balance sheet item can be allocated to the following categories as at 31 March 2015 and 31 December 2014:

Financial instruments as at 31 March 2015	Amortised cost	Fair value recognised in equity	Non-financial assets/ liabilities	Total	**Book value 31/03/2015**	**Fair value 31/03/2015**
in €k						
Assets						
Cash and pledged cash						
Receivables	97,237	–	–	97,237		
Non-financial assets	–	–	11	11	97,248	97,248
Short-term financial assets						
Available-for-sale financial assets	–	7,069	–	7,069		
Held-to-maturity financial assets	8,697	–	–	8,697	15,765	15,765
Trade receivables						
Receivables	675	–	–	675	675	675
Other assets						
Receivables	4,626	–	5,564	10,190		
Loans	–	–	–	–	10,190	10,190
Long-term other assets						
Receivables	–	–	–	–	–	–
Total assets					**123,878**	**123,878**
- of which loans and receivables	–	–	–	–	108,112	108,112
- of which available-for-sale financial assets	–	–	–	–	7,069	7,069
Held-to-maturity financial assets, short-term	–	–	–	–	8,697	8,697
Held-to-maturity financial assets, long-term	–	–	–	–	–	–
Liabilities						
Trade payables	7,024	–	–	7,024	7,024	7,024
Other liabilities	14,440	–	2,325	16,765		
Financial liabilities	123	–	–	123	16,888	16,888
Total liabilities					**23,912**	**23,912**
- of which liabilities	–	–	–	–	23,912	23,912

Financial instruments as at 31 December 2014	Amortised cost	Fair value recognised in equity	Non-financial assets/ liabilities	Total	**Book value 31/12/2014**	**Fair value 31/12/2014**
in €k						
Assets						
Cash and pledged cash						
Receivables	92,575	–	–	92,575	–	–
Non-financial assets	–	–	9	9	92,584	92,584
Short-term financial assets						
Available-for-sale financial assets	–	9,258	–	9,258	–	–
Held-to-maturity financial assets	6,297	–	–	6,297	15,555	15,555
Trade receivables						
Receivables	583	–	–	583	583	583
Other assets						
Receivables	5,079	–	5,559	10,638	–	–
Loans	–	–	–	–	10,638	10,638
Long-term other assets						
Receivables	–	–	20	20	20	20
Total assets					**119,380**	**119,380**
- of which loans and receivables	–	–	–	–	103,825	103,825
- of which available-for-sale financial assets	–	–	–	–	9,258	9,258
Held-to-maturity financial assets, short-term	–	–	–	–	6,297	6,297
Held-to-maturity financial assets, long-term	–	–	–	–	–	–
Liabilities						
Trade payables	7,505	–	–	7,505	7,505	7,505
Other liabilities	17,048	–	2,029	19,077	–	–
Financial liabilities	109	–	–	109	19,186	19,186
Total liabilities					**26,691**	**26,691**
- of which liabilities	–	–	–	–	26,691	26,691

For all financial instruments carrying amount approximates the fair value.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the three-month period ended 31 March 2015.

FAIR VALUE HIERARCHY

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

VALUATION METHODS AND ASSUMPTIONS

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

Financial assets are classified into the following specified categories:

a) Financial assets "at fair value through profit or loss"

Financial assets are classified as "at fair value through profit or loss" when the financial asset is either held for trading or it is designated as "at fair value through profit or loss".

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that ZEAL manages together and has a recent actual pattern of short-term profit-taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as "at fair value through profit or loss" upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis, or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract (asset or liability) to be designated as "at fair value through profit or loss".

Financial assets "at fair value through profit or loss" are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated income statement.

01
02
03
04

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as

a) loans and receivables, or

b) held-to-maturity financial instruments, or

c) financial assets at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the "available-for-sale" reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the "available-for-sale" reserve to the statement of profit or loss in finance costs. Interest earned whilst holding available-for-sale financial assets is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the "available-for-sale" category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

10 OBJECTIVES AND METHODS OF CAPITAL MANAGEMENT

The Group operates a decentralised capital management system. All key decisions concerning the financial structure of the "German" segment are taken by the Executive Board of ZEAL Network. MyLotto24 Limited is responsible for capital management of the "Abroad" segment, with the exception of Tipp24 Services Limited which undertakes its own capital management. The principles and objectives of financial management, as well as the risks which ZEAL is exposed to, are presented in the Risk Report in the 2014 Annual Report.

11 INTEREST RATE RISK

The Group invests a part of its funds in a combination of fixed term deposits. For these funds, which are mainly held in liquid or short-term investments, there is a general risk from changing interest rates. A sensitivity analysis was conducted for the portfolio of cash and short-term financial assets held on 31 March 2015 with a simulated interest rate increase of 50 base points. Assuming no changes are made to the portfolio in response to the interest rate increase, there would be a rise in interest income of €377k (in a simplified calculation). Under consideration of the duration of those investments currently in the portfolio, there would be an expected reduction of this interest income of €17k. The overall effect, therefore, would be an increase in interest income of €360k.

01

02

03

04

12 CURRENCY RISK

The Group is exposed to a currency risk as a result of GBP exchange rates arising from payments received and made in foreign currency which differ from the Group's functional currency and are not always offset by payments in the same currency of the same amount and with the same maturities. Moreover, some of the Group's financial assets are denominated in GBP and thus exposed to a currency risk.

In order to determine the currency risk, a fluctuation of the Euro to Great British Pound exchange rate of 10% was assumed as of 31 March 2015. On the basis of this assumption, a revaluation of the Great British Pound against the Euro of 10% to 0.80003 GBP/EUR would result in an effect of €-3,030k on earnings. A devaluation of the Great British Pound against the Euro of 10% to 0.65457 GBP/EUR would result in an effect of €1,998k on earnings.

13 SUBSEQUENT EVENTS

There are no known events after the date of the Interim Consolidated Statement that require disclosure.

14 RELATED PARTIES

The members of ZEAL SE's Executive Board and Supervisory Board are regarded as related parties in accordance with IAS 24. Oliver Jaster is member of the Supervisory Board. The operating business of Schumann e.K. (a company fully consolidated in the Group's financial statements) was outsourced to Günther Direct Services GmbH. In return the company received compensation of €30k in the period under review. Günter Direct Services GmbH is a company of the Günther Group which is indirectly controlled by Oliver Jaster.

Jens Schumann is a member of the Supervisory Board of ZEAL SE and at the same time sole partner of Schumann e.K. This structure has existed in comparable form since 2002 and was chosen because class lotteries only issue sales licences at present to natural persons or companies in which neither the liability of the company nor its direct and indirect partners is limited. A cooperation agreement is in place between ZEAL SE and Schumann e.K., which governs the processing of game participation of class lottery customers by Schumann e.K. under the terms of the agreement, Schumann e.K. must pay all commissions and other brokerage fees collected in this context to ZEAL SE. ZEAL SE provides Schumann e.K. with services in the field of accounting, bookkeeping, marketing and technical services and bears the costs incurred by Schumann e.K. in running its operations. As Jens Schumann operates Schumann e.K. in the interest of ZEAL SE, ZEAL SE has undertaken to indemnify them in the event of any personal claims by third parties arising from or in connection with the operation of Schumann e.K. Indemnification is limited to the extent that fulfillment of this indemnification may not cause ZEAL SE to become insolvent or over-indebted. In his capacity as shareholder of Schumann e.K., Mr. Schumann did not receive any remuneration during the period under review.

There were no other significant transactions with related parties in the period under review which required reporting.

FINANCIAL CALENDAR

18 June 2015	Annual General Meeting
13 August 2015	Publication of Q2 Report
13 November 2015	Publication of Q3 Report

Published by
ZEAL Network SE
5th Floor – One New Change
London EC4M 9AF

Phone: +44 (0) 203 739 - 7000
Fax: +44 (0) 203 739 - 7099

www.zeal-network.co.uk

Concept, text & design
Impacct Communication GmbH

www.impacct.de