SUPPORT
CHARITIES

CREATE EXCITING
EXPERIENCES

GROW
INTERNATIONALLY

DISRUPT
THE INDUSTRY

CREATE A BETTER WORLD OF LOTTERY

INTERIM FINANCIAL REPORT
1 JANUARY – 31 MARCH 2016

ZEAL Network SE* and its consolidated companies** specialise in the area of online lottery. Our service offering consists primarily of the highly profitable consumer-facing lottery-based games business (secondary lottery betting) and the provision of business to business lottery solutions (white-label lotteries in the charity and associated sports organisation sectors). One of our core objectives is to disrupt the online lottery market through innovation.

A proven track record in development of online technology and distribution channels, optimum utilisation of our bespoke hedging structure and the benefits of gradual market deregulation have enabled us to retain a leading position in the market. As a result of sustained growth in the global lottery market, we continue to invest in research activities with a view to developing new products in the areas of platform technology and marketing solutions to complement our existing product suite. Our vision is to create a better world of lottery, a world that our customers, business partners and people deserve.

CONTENTS

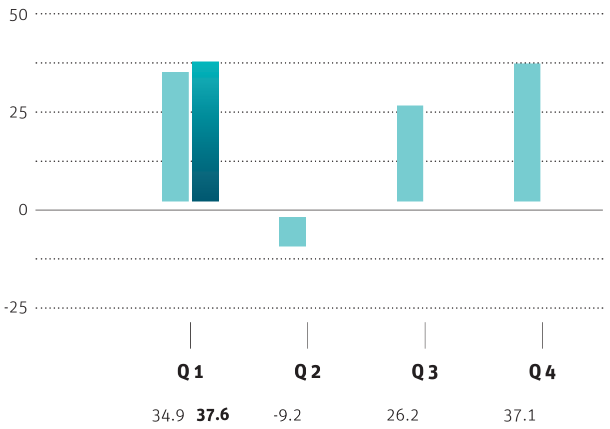
02 Performance
03 Executive Review
05 Business Review
07 Financial Review
11 Interim Consolidated Financial Statements
18 Notes

** "ZEAL Network" or "the Company"*
*** "ZEAL Group" or "the Group"*

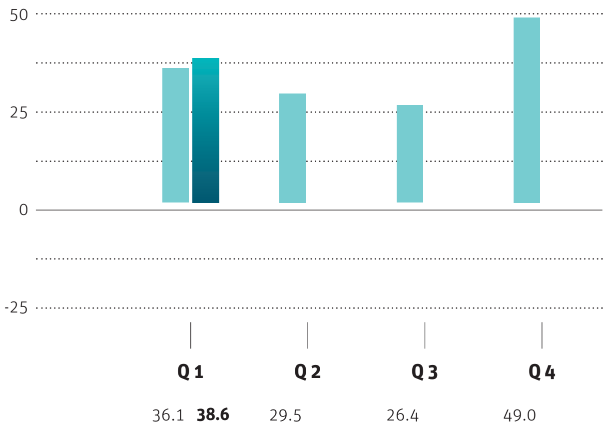
PERFORMANCE

2015 2016

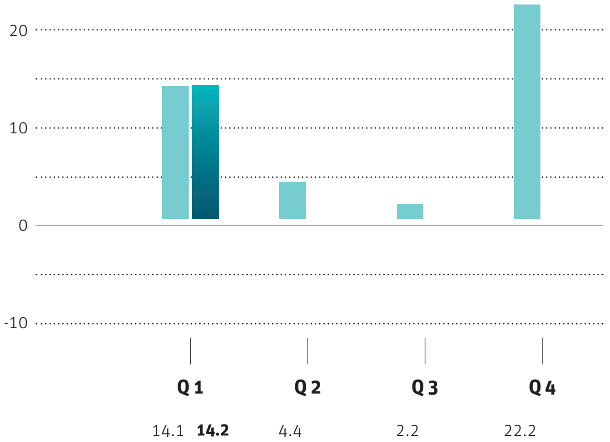
STATUTORY REVENUE[1] in €m



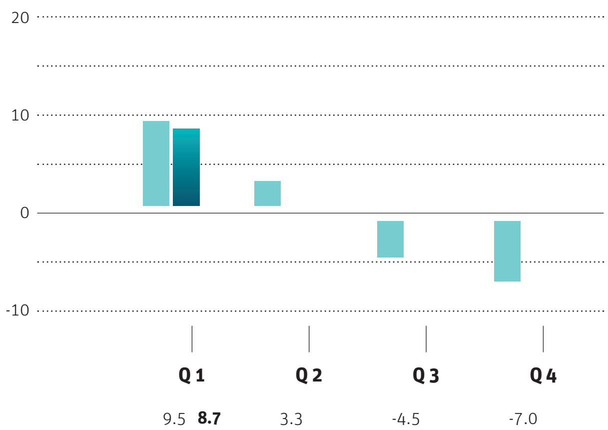
STATUTORY TOTAL OPERATING PERFORMANCE in €m



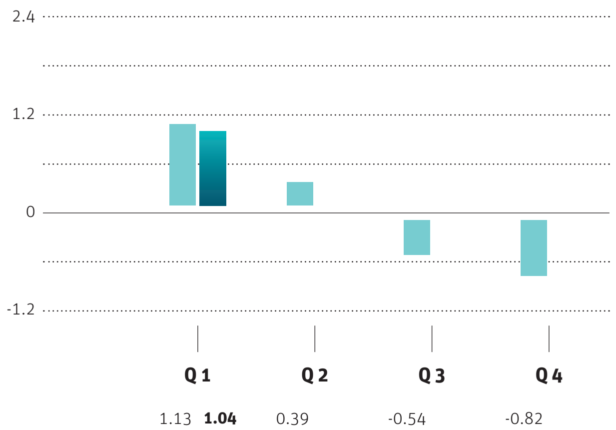
STATUTORY EBIT in €m



NET PROFIT in €m



EARNINGS PER SHARE in €



[1] *Revenue in Q2 and Q3 2015 were negatively impacted by a high prize pay-out.*

EXECUTIVE REVIEW

DEAR SHAREHOLDERS

ZEAL Group continued to build on its strong performance in 2015 with a profitable first quarter in 2016. We continue to see growth in our core customer facing business, particularly from the instant win games products, and the growth strategy for our business-to-business offering continues to track with our plan.

STRONG FIRST QUARTER PERFORMANCE

Total operating performance during Q1 2016 amounted to €38.6m which represented an increase of €2.5m (7%) compared to the same period in the prior year (2015: €36.1m). Our strategy to re-activate dormant accounts, secure new users and augment our instant win game product portfolio drove this period-on-period increase and will continue to be a key focus throughout the rest of the year.

EBIT generated in Q1 2016 amounted to €14.2m (2015: €14.1m) representing a period-on-period increase of €0.1m (1%). The increase in total operating performance was offset by a non-recurring charge of €1.3m attributable to the acquisition of Geonomics Global Games Limited and its joint venture, Geo24 UK Limited, period-on-period adverse exchange rate movements of €1.8m with the remaining movement attributable to decreases of €0.7m in other operating costs compared to the same period in the prior year. We are satisfied with the core underlying profitability of the Group and are confident that adherence to the strategic objectives set out in the 2015 Annual Report will result in sustained EBIT growth for the rest of the year.

We also monitor our performance based on "normalised" results and KPIs. "Normalised" results include adjustments for expected lottery pay-outs based on statistical modelling. Consolidated "normalised" revenue in the first three months of 2016 increased by 10.9% to €35.6m (2015: €32.1m) with consolidated "normalised" EBIT amounting to €12.2m (2015: €11.5m).

GEONOMICS GLOBAL GAMES LIMITED AND GEO24 UK LIMITED

Acquisition of the non-ZEAL owned shares of Geonomics Global Games Limited ("GGGL") and Geo24 UK Limited ("Geo24")

On 10 March 2016 the Group signed a share purchase agreement ("SPA") with the shareholders of Geonomics Global Games Limited ("GGGL"). The transaction was completed on 30 March 2016 and full control of GGGL and its joint venture, Geo24 UK Limited ("Geo24") passed to the Group on that date. The objective of the acquisition was to secure the software development team employed by the companies. As noted in the 2015 Annual Report, the Directors believed that the technical know-how and expertise of the personnel employed by GGGL and its joint venture Geo24 would fit well with ZEAL Group's wider growth aspirations. Since the acquisition, the team has made significant improvements to our existing online platforms and is the driving force in building the platforms for our new charity sector product offering.

Due to the fact that the expertise of the software development team did not meet the criteria for capitalisation under the accounting standards, as described in note 7 to the interim financial statements, we were required to record a charge on acquisition of approximately €1.3m. However, we believe that the intrinsic value brought by the software development team will not only complement the skill sets of our existing software developers but will also accelerate bringing the business-to-business products to market.

01
02
03
04

CONVERTIBLE LOAN FACILITY

In the 2015 Annual Report, we described a convertible loan facility entered into between the Group and Geonomics Global Games Limited ("GGGL") which remained undrawn at year end. In Q1 2016, GGGL drew £1.25m from this facility. As the Group believed that there was significant uncertainty over whether the funds would be repaid, the Group provided in full for the amounts drawn at the date of payment. The total provision recorded in respect of this facility amounted to €1.6m in Q1 2016. The provision was separately recorded in the consolidated income statement as an impairment on convertible loan.

FIRST INTERIM DIVIDEND PAYMENT 2016

In accordance with our dividend policy, ZEAL Network paid out the first interim dividend of 2016 amounting to €0.70 per share at the end of Q1 2016. We intend to pay three more instalments of €0.70 per share in 2016 and continue quarterly payments of at least that amount in 2017 and future years. ZEAL Network's dividend policy is subject to periodic review and possible amendments depending on future earnings and financial position.

OUTLOOK

Our strategic outlook remains unchanged with attractive growth opportunities in our target markets. We have made positive progress towards our strategic goals, benefitted from recent rulings in the European Courts which will enhance our marketing capabilities and our new instant win games attract new target groups who demand a more exciting gaming experience. We see high potential in this growing market. The Group remains well positioned to capitalise on opportunities arising from changes to regulatory conditions and relatively low internet penetration of the lottery industry.

As outlined in our 2015 Annual Report, issued on 29 March 2016, we expect full year total operating performance to be €140–150m and full year EBIT to be €40–50m.

The Executive Board

Dr. Helmut Becker
CEO

Jonas Mattsson
CFO

Susan Standiford
CTO

01
02
03
04

BUSINESS REVIEW

BUSINESS MODEL AND STRUCTURE

The Group's operating segments are Business-to-Consumer ("B2C") and Business-to-Business/Business-to-Government ("B2B/B2G"). We have described the composition of the segments in more detail below:

B2C Segment
B2C's operating results comprise the secondary lottery betting business (secondary lottery), sales of "instant win games" products, direct costs and an allocation of the shared cost base.

B2B/B2G Segment
The B2B/B2G segment comprises the remainder of the Group's core operating activities including:

- 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 blind and disabled people).
- The international business that offers digital services to private business partners or state lotteries.
- Segmental results presented are attributable to the operating activities of the B2B/B2G segment together with an allocation of shared costs.

FORMER SEGMENTAL DISCLOSURE PRESENTATION

"Abroad" segment
The "Abroad" segment comprises the activities of MyLotto24 Limited and the MyLotto24 sub group. MyLotto24 Limited organises the lottery betting business (secondary lotteries) based on various European lotteries and 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 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.

LEGAL AND REGULATORY MATTERS

ADAPTING THE FORMER BUSINESS MODEL IN GERMANY

The second stage of the German State Treaty on Games of Chance ("GlüStV 2008") became effective on 1 January 2009. GlüStV 2008 contained provisions which completely prohibited the brokering of state-run lotteries through the Internet. As a result, ZEAL Network discontinued its lottery brokerage activities in Germany at that time and transferred the assets of the German brokerage business, together with the Spanish companies (Ventura24 and Ventura24 Games), (the "transfer") to the MyLotto24 sub group. At the date of the transfer, MyLotto24 Limited was a wholly owned subsidiary of ZEAL Network. Ownership of the Spanish companies was transferred to ZEAL Network as part of a corporate restructure in 2014.

Following the transfer, ZEAL Network assigned the majority voting rights (in the form of preference shares stripped of their main economic rights) in both MyLotto24 Limited and its subsidiary Tipp24 Services Limited to a Swiss foundation ("Fondation Enfance Sans Frontières" or "FESF") set up by ZEAL Network. The MyLotto24 sub group is consolidated into the ZEAL Group financial statements because the relevant criteria under IFRS 10 are met (refer to section 2.4 of the Group's accounting policies on page 72 of the 2015 Annual Report for further detail).

The 2008 German State Treaty on Games of Chance ("GlüStV 2008") expired on 31 December 2011 and was replaced by the 2012 German State Treaty on Games of Chance ("GlüStV 2012"). GlüStV 2012 permits brokerage activities in Germany where licences are granted by the State. While we continue to fight in the courts for the resumption of our business in Germany, our attempt to obtain a licence under GlüStV 2012 has so far been unsuccessful.

ONGOING LEGAL AND REGULATORY MATTERS

The principal legal and regulatory matters affecting the Group are included within our 2015 Annual Report. No significant additional legal or regulatory matters have arisen during the first three months of 2016.

TAX MATTERS AND CONTINGENT LIABILITIES

There have been no changes in the status of the tax matters reported in the 2015 Annual Report. The Directors continue to closely monitor any changes in areas where contingent liabilities have previously been disclosed and where provisions have previously been recorded.

NORMALISATION OF RESULTS

NORMALISED RESULTS

In the lotteries on whose results ZEAL relies, there are fixed underlying pay-out ratios (ratio of pay-outs to stakes) for ongoing 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 between the expected pay-out ratio and actual pay-outs made. The difference between the actual pay-out and the expected prize pay-out is referred to as "normalisation" in this report.

In order to aid understanding of the financial statements and the related earnings position, we disclose the effect of deviations between the expected and actual pay-out ratio by presenting "normalised" revenue and EBIT.

PAY-OUTS ON SECONDARY LOTTERIES

Total pay-outs on secondary lotteries in the first three months of 2016 were €2.0m below the expected pay-out value (in the first three months of 2015, the comparable figure was €2.8m below the expected pay-out value) with an impact on statutory revenue of the same amount. This effect increased statutory EBIT by an amount of €2.0m (in the first three months of 2015 statutory EBIT was €2.6m higher than expectation based on "normalised" results).

Revenue

	01/01–31/03/2016	01/01–31/03/2015
in €k		
Actual	37,574	34,902
Expected[1]	35,602	32,112
Deviations[2]	**1,972**	**2,790**

EBIT

	01/01–31/03/2016	01/01–31/03/2015
in €k		
Actual	14,244	14,097
Expected[1]	12,243	11,483
Deviations[2]	**2,001**	**2,614**

[1] *Actuals adjusted for expected pay-outs*
[2] *Effect for normalisation of results*

01
02
03
04

FINANCIAL REVIEW

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

	01/01–31/03/2016	01/01–31/03/2015	Change %
in €k			
Revenue	37,574	34,902	7.7
Other operating income	1,060	1,161	(8.7)
Total operating performance	**38,634**	**36,063**	**7.1**
Personnel expenses	(6,744)	(6,391)	5.5
Exchange rate differences	(978)	830	(217.8)
Other operating expenses	(14,405)	(14,620)	(1.5)
Marketing expenses	(1,469)	(1,756)	(16.3)
Direct costs of operations	(7,926)	(7,087)	11.8
Other costs of operations	(5,010)	(5,777)	(13.3)
Loss on acquisition	(1,340)	–	(100.0)
EBITDA	**15,167**	**15,882**	**(4.5)**
Amortisation and depreciation	(923)	(1,785)	(48.3)
EBIT	**14,244**	**14,097**	**1.0**
Financial result	(1,525)	(986)	54.7
Earnings before taxes	**12,719**	**13,111**	**(3.0)**
Income taxes	(4,024)	(3,652)	10.2
Profit for the period	**8,695**	**9,459**	**(8.1)**

REVENUE AND TOTAL OPERATING PERFORMANCE

Consolidated revenue and total operating performance for the three month period ended 31 March 2016 amounted to €37,574k and €38,634k respectively, representing increases of €2,672k and €2,571k respectively compared to the same period in 2015.

The increase in revenue and total operating performance was largely driven by the successful rollout of our instant win games product offering in February 2015. These products started to generate positive revenues and cash inflows towards the end of Q1 2015 with the full effect of this new revenue stream felt throughout Q1 2016. Successful re-activation of dormant accounts and the securing of new users have also led to an increased period-on-period revenue growth.

EBIT

At a consolidated statutory level, EBIT for the period amounted to €14,244k representing an increase of 1.0% compared to the same period in the previous year (2015: €14,097k).

The non-recurring charge of €1,340k attributable to the acquisition of GGGL and Geo24 together with adverse movements in exchange rate differences of €1,808k and an increase in hedging costs of €576k were more than offset by the period on period increase in total operating performance of €2,571k, decrease in the depreciation charge of €862k and the decrease in consulting costs of €714k.

The remaining difference of €276k is attributable to individually immaterial movements in other cost categories.

EXPENSES

In the first three months of 2016, personnel expenses were €6,744k representing an increase of 5.5% compared to the same period in 2015 (€6,391k). The period-on-period increase in personnel expenses is primarily due to an increased group headcount and inflation based salary increases.

Compared to the same period in the previous year, other operating expenses decreased from €14,620k to €14,405k. The most significant contributory factors factors, as noted above were:

- €576k increase in relation to hedging costs.
- Partly offset by €714k decrease in consulting costs.

LOSS ON ACQUISITION

At 31 December 2015, the Group owned 25.7% of the shares issued by GGGL. On 29 January 2016, the Group exercised vested warrants that increased its shareholding to 32.13%.

On 30 March 2016, the Group completed the purchase of the remaining 67.87% of the issued share capital of GGGL in exchange for consideration of £814k (€1,041k). At the date of acquisition, the Group recognised a charge of €1,340k driven by the acquisition of the net liabilities of GGGL and its joint venture, Geo24. Further explanation is included in note 7 to the interim financial statements below.

FINANCIAL RESULT

Investments in Geonomics Global Games Limited (associate) and Geo24 UK Limited (joint venture) were written down to €nil at 31 December 2015. No loss pick-ups were therefore accounted for in the three month period to 31 March 2016.

The net charge recorded within financial result is primarily attributable to the impairment of the draw-downs on the convertible loan facility totalling €1,598k. Amounts drawn were fully provided for at the date of draw-down. The remaining amounts recorded within financial result relate to other interest income of €125k offset by interest expense of €52k.

TAX

At 32%, the consolidated tax rate in the first three months is higher than the same period in the prior year (28%) driven by effects of comparably higher profits in the B2C segment together with increases in the period-on-period costs incurred by the B2B/B2G segment. While the increase in the B2B/B2G segment are in line with plan, as the two segments are treated as different tax units, losses of the B2B/B2G segment cannot be offset against earnings of the B2C segment. Fluctuations in the mix of losses and earnings between these segments period on period therefore have a direct result on the Group's consolidated tax rate and contribute to fluctuations in the rates realised each year. The effective tax rate for the first three months of 2016 is in line with our forecasted tax rate (excluding the impact of one-off items) of between 30% and 35%.

EARNINGS PER SHARE (EPS)

The EPS from continuing operations in the first three months of 2016 decreased slightly compared to the same period in the previous year from €1.13 to €1.04 due to a decrease in profit after tax of €764k.

01
02
03
04

DIVIDEND

The first payment of the interim dividends, amounting to €0.70 per share, was made on 31 March 2016. We intend to pay three more instalments of €0.70 per share at the end of each quarter in 2016.

Dividend periods for 2016

in €	Q 1 2016	Q 2 2016	Q 3 2016	Q 4 2016
Dividend per registered share	0.70	0.70	0.70	0.70
Payment date	31 March 2016	End of June (expected)	End of September (expected)	End of December (expected)

CASH FLOW AND CAPITAL MANAGEMENT

	31/03/2016	31/03/2015
in €k		
Key cash flow positions		
Cash from operating activities	20,511	10,820
Cash used in investing activities	(1,670)	(77)
Cash used in financing activities	(5,870)	(5,870)
Changes in cash and pledged cash and short-term deposits	**12,971**	**4,873**
Cash and pledged cash and short-term deposits at the beginning of the period	107,660	108,140
Cash and pledged cash and short-term deposits at the end of the period	**120,631**	**113,013**

Cash from operating activities in the first three months of 2016 was €20,511k (€9,691k above the comparable 2015 figure of €10,820k). The difference was primarily driven by working capital movements, specifically the receipt of lottery tax previously withheld by the Spanish tax authorities of €9,575k.

In the first three months of 2016, investing activities resulted in cash outflows of €1,670k (2015: cash outflows of €77k). In 2016, the main component of the cash outflows related to draw-downs made by GGGL on the convertible loan facility (€1,598k). No similar cash payments were made in the same period in the previous year.

Cash used in financing activities of €5,870k (2015: €5,870k) is wholly attributable to dividend payments.

As of 31 March 2016, ZEAL had cash and pledged cash and short-term deposits of €120,631k (2015: €113,013k). This includes funds that ensure that MyLotto24 is sufficiently financed to effect payments of potential relevant jackpot winnings.

FORECAST

As announced on 15 March 2016 and re-iterated in our 2015 Annual Report issued on 29 March 2016, we expect full year total operating performance to be €140–150m and full year EBIT to be €40–50m.

01
02
03
04

OTHER INFORMATION

Information about our risk management approach and our business risks and opportunities are detailed on pages 20 to 25 of our 2015 Annual Report. Compared with the risks and opportunities previously presented, no significant additional risks or opportunities for ZEAL Group have come to light in the first three months of 2016.

GOING CONCERN

The Directors have formed a judgement at the time of approving the interim financial statements that there is a reasonable expectation that ZEAL Group has adequate resources to continue for the foreseeable future. The Group held €100.9m in cash at the period end (31 December 2015: €94.8m). 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 interim condensed consolidated financial statements.

DIRECTORS OF THE COMPANY

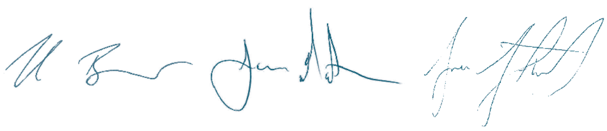
The directors who held office during the period were:

- Dr. Helmut Becker, CEO (Executive Board)
- Jonas Mattsson, CFO (Executive Board)
- Susan Standiford, CTO (Executive Board)
- Andreas de Maizière (Supervisory Board)
- Thorsten H. Hehl (Supervisory Board)
- Oliver Jaster (Supervisory Board)
- Bernd Schiphorst (Supervisory Board)
- Jens Schumann (Supervisory Board)
- Peter Steiner (Supervisory Board)

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.

13 May 2016



Dr. Helmut Becker	Jonas Mattsson	Susan Standiford
CEO	CFO	CTO

01
02
03
04

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH

		Q1 2016	Q1 2015
in €k	Note		
Revenue	2	37,574	34,902
Other operating income	2	1,060	1,161
Total operating performance		**38,634**	**36,063**
Personnel expenses		(6,744)	(6,391)
Amortisation/depreciation on intangible assets and property, plant and equipment		(923)	(1,785)
Exchange rate differences		(978)	830
Other operating expenses		(14,405)	(14,620)
Marketing expenses		(1,469)	(1,756)
Direct costs of operations		(7,926)	(7,087)
Other costs of operations		(5,010)	(5,777)
Loss on acquisition	7	(1,340)	–
Result from operating activities (EBIT)		**14,244**	**14,097**
Finance income		125	31
Finance costs		(52)	(62)
Impairment of convertible loan	7	(1,598)	–
Share of loss of associated companies		–	(332)
Share of loss of joint ventures		–	(623)
Financial result		**(1,525)**	**(986)**
Profit before income tax		**12,719**	**13,111**
Income tax expense	5	(4,024)	(3,652)
Profit for the period[1]		**8,695**	**9,459**
Earnings per share for profit attributable to ordinary equity holders of the Company		€	€
Basic and diluted earnings per share		1.04	1.13

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH

in €k	**Q 1 2016**	Q 1 2015
Profit for the period	**8,695**	**9,459**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
(Loss)/gain on available-for-sale financial assets (AFS)	(244)	162
Income tax effect	–	–
Other comprehensive income, net of tax	**(244)**	**162**
Total comprehensive income for the period, net of tax	**8,451**	**9,621**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 MARCH 2016 AND 31 DECEMBER 2015

	31/03/2016	31/12/2015
ASSETS in €k		
Non-current assets		
Property, plant and equipment	2,059	2,224
Intangible assets	1,259	1,945
Shares in associated companies	–	–
Shares in joint ventures	–	–
Long-term loans	3,075	3,075
Other assets and prepaid expenses	257	173
Deferred tax assets	781	781
Total non-current assets	**7,431**	**8,198**
Current assets		
Trade and other receivables	321	10,005
Income tax receivables	153	2,269
Other current assets and prepaid expenses	10,911	12,222
Financial assets	19,735	12,883
Cash and pledged cash	100,896	94,777
Total current assets	**132,016**	**132,156**
TOTAL ASSETS	**139,447**	**140,354**

EQUITY & LIABILITIES in €k	31/03/2016	31/12/2015
Non-current liabilities		
Other liabilities	1,579	1,474
Total non-current liabilities	**1,579**	**1,474**
Current liabilities		
Trade payables	4,399	5,013
Other liabilities	21,487	22,978
Financial liabilities	119	113
Deferred income	3,214	3,977
Income tax liabilities	10,265	10,576
Provisions	634	1,054
Total current liabilities	**40,118**	**43,711**
Equity		
Subscribed capital	8,385	8,385
Share premium	21,578	21,578
Other reserves	(802)	(558)
Retained earnings	68,589	65,764
Total equity	**97,750**	**95,169**
EQUITY & LIABILITIES	**139,447**	**140,354**

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED) FOR THE THREE MONTHS ENDED 31 MARCH

	Q 1 2016	Q 1 2015
in €k		
Profit from continuing operations before tax	12,719	13,111
Adjustments for		
Depreciation and amortisation of non-current assets	923	1,785
Net loss on sale of non-current assets	–	19
Finance income	(125)	(31)
Finance costs	52	62
Impairment of convertible loan	1,598	–
Share of result of associated companies	–	332
Share of result of joint ventures	–	623
Loss on acquisition	1,340	–
Acquisition of GGGL and Geo24, net of cash acquired	(623)	–
Other non-cash changes	(953)	567
Changes in		
Trade and other receivables	9,684	1,067
Other assets and prepaid expenses	1,219	20
Trade payables and other liabilities	(2,105)	(5,107)
Financial liabilities	6	–
Deferred income	(763)	419
Short-term provisions	(420)	1,416
Other non-current liabilities	105	–
Interest received	125	31
Interest paid	(52)	(62)
Income taxes paid	(2,219)	(3,432)
Cash flow from operating activities	**20,511**	**10,820**

	Q 1 2016	Q 1 2015
in €k		
Cash flow from investing activities		
Contributions to associated companies	(1,598)	–
Payments for acquisition of intangible assets	(5)	(44)
Payments for acquisition of property, plant and equipment	(67)	(33)
Net cash outflow from investing activities	**(1,670)**	**(77)**
Cash flow from financing activities		
Dividends paid to the Company's shareholders	(5,870)	(5,870)
Net cash outflow from financing activities	**(5,870)**	**(5,870)**
Net increase in cash, pledged cash and short-term financial assets	12,971	4,873
Cash, pledged cash and short-term financial assets at the beginning of the year	107,660	108,140
Cash, pledged cash and short-term financial assets at the beginning of the period	**120,631**	**113,013**
Composition of cash, pledged cash and short-term financial assets at the end of the period		
Cash and pledged cash	100,896	97,248
Short-term financial assets	19,735	15,765

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2015 AND FOR THE THREE MONTHS ENDED 31 MARCH 2016 AND 31 MARCH 2015

in €k	Subscribed capital	Share premium	Other reserves	Retained earnings	**Total equity**
As at 1 January 2015	**8,385**	**21,578**	**(606)**	**87,896**	**117,253**
Profit for the period	–	–	–	9,459	9,459
Other comprehensive income	–	–	162	–	162
Total comprehensive income for the period	**–**	**–**	**162**	**9,459**	**9,621**
Transactions with owners in their capacity as owners					
Dividends paid	–	–	–	(5,870)	(5,870)
As at 31 March 2015	**8,385**	**21,578**	**(444)**	**91,485**	**121,004**
Loss for the period	–	–	–	(8,113)	(8,113)
Other comprehensive income	–	–	(114)	–	(114)
Total comprehensive income for the period	**–**	**–**	**(114)**	**(8,113)**	**(8,227)**
Transactions with owners in their capacity as owners					
Dividends paid	–	–	–	(17,608)	(17,608)
As at 31 December 2015	**8,385**	**21,578**	**(558)**	**65,764**	**95,169**
As at 1 January 2016	**8,385**	**21,578**	**(558)**	**65,764**	**95,169**
Profit for the period	–	–	–	8,695	8,695
Other comprehensive income	–	–	(244)	–	(244)
Total comprehensive income for the period	**–**	**–**	**(244)**	**8,695**	**8,451**
Transactions with owners in their capacity as owners					
Dividends paid	–	–	–	(5,870)	(5,870)
As at 31 March 2016	**8,385**	**21,578**	**(802)**	**68,589**	**97,750**

SELECTED EXPLANATORY NOTES

1 GENERAL INFORMATION, BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES AND EVENTS DURING THE PERIOD

GENERAL INFORMATION

The unaudited interim condensed consolidated financial statements (the "interim financial statements") for ZEAL Network SE (the "Company") and its subsidiaries (collectively, "ZEAL Group" or "the Group") for the three month period ended 31 March 2016 were authorised for issue by the Directors on 13 May 2016.

The Company was founded in Germany in 1999 and transferred its registration to the United Kingdom in February 2014 under the Company Number SE000078. The Company's shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and are included in the SDAX index in the form of Clearstream Interests (CI) under the ISIN GB00BHD66J/ WKN TIPP024.

The date of the interim condensed consolidated statement of financial position is 31 March 2016. The financial period ended 31 March 2016 covers the period from 1 January 2016 to 31 March 2016.

The interim financial statements are unaudited. The operations of the Group are not subject to seasonality or cyclical trends.

BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The interim financial statements for the three month period ended 31 March 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union. Accordingly, these interim financial statements do not include all of the information and disclosures required to fully comply with IFRS as adopted by the European Union. For this reason, the interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015.

The interim financial statements include all adjustments of a normal and recurring nature considered necessary for fair presentation of results for interim periods. Results of the period ended 31 March 2016 are not necessarily indicative of future results.

The same accounting policies and calculation methods were used for these interim financial statements as for the consolidated financial statements as at 31 December 2015.

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period no less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

EVENTS DURING THE PERIOD

On 10 March 2016, the Group signed a share purchase agreement ("SPA") with the shareholders of Geonomics Global Games Limited ("GGGL"). The transaction completed on 30 March 2016 and full control of GGGL and its joint venture, Geo24 UK Limited ("Geo24") passed to the Group on that date. Further details are included in note 7 to the interim financial statements.

2 SEGMENT REPORTING

SEGMENTAL DISCLOSURE PRESENTATION

The Group's reportable operating segments reflect the management structure of the Group, the way performance is evaluated and the way resources are allocated by the Chief Operating Decision Maker ("CODM"), being the Board of Directors. For the period to 31 March 2015, the performance of the Group was evaluated based on its pre-existing reportable segments, being the "Abroad" segment and the "Germany" segment. Effective 1 April 2015, the composition and presentation of financial information regularly reported to the CODM was modified to better align with the evolution of the Group's management structure, the way that the Group's segments are evaluated by the CODM and the method by which shared costs are allocated to operating segments.

We monitor the performance of our operating segments based on "normalised" revenue and EBIT (statutory revenue and EBIT adjusted for statistical fluctuations relating to expected prize pay-outs). The disclosures included in the operating segment note below are consistent with our internal reporting and "normalised" performance is given due prominence in the disclosure as this is the way in which we analyse our business. A fuller description of "normalisation" is included in the business review section of this report. Included within the note below is a reconciliation between the segmental results used to assess the lines of business and our consolidated statutory performance where statistically expected pay-outs are replaced with actual cash outflows. Inter-segment transactions are also eliminated within this reconciliation. Descriptions of the significant reconciling items are also included below the relevant tables.

The operating segments are Business-to-Consumer ("B2C") and Business-to-Business/Business-to-Government ("B2B/B2G"). We have described the composition of the segments in more detail below:

B2C Segment

B2C's operating results comprise the secondary lottery betting business ("secondary lottery"), where bets are taken on the outcome of certain European lotteries, sales of "instant win games" products, direct costs and an allocation of the shared cost base.

B2B/B2G Segment

The B2B/B2G segment comprises the remainder of the Group's core operating activities including:

- 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 blind and disabled people).
- The international business that offers digital services to private business partners or state lotteries.
- Segmental results presented are attributable to the operating activities of the B2B/B2G segment together with an allocation of shared costs.

Business unit segment reporting

31 March 2016	B2C	B2B/B2G	Business unit total	Reconciliation to stats	– thereof normalisation adjustments	– thereof other	Statutory
in €k	A	B	A+B=C	D+E=F	D	E	C+F
Revenue	33,829	1,711	35,540	2,034	1,972	62	37,574
Other operating income	804	101	905	155	29	126	1,060
Total operating performance	**34,633**	**1,812**	**36,445**	**2,189**	**2,001**	**188**	**38,634**
EBITDA	**16,445**	**(2,089)**	**14,356**	**811**	**2,001**	**(1,190)**	**15,167**
Depreciation/amortisation	(749)	(174)	(923)	–	–	–	(923)
EBIT	**15,696**	**(2,263)**	**13,433**	**811**	**2,001**	**(1,190)**	**14,244**
Financial result	–	–	–	(1,525)	–	(1,525)	(1,525)
EBT	**15,696**	**(2,263)**	**13,433**	**(714)**	**2,001**	**(2,715)**	**12,719**
Income tax	–	–	–	(4,024)	–	(4,024)	(4,024)
Net profit/(loss)	**15,696**	**(2,263)**	**13,433**	**(4,738)**	**2,001**	**(6,739)**	**8,695**

01
02
03
04

The principal reconciling items between the aggregated business unit results and the consolidated statutory results are attributable to two main categories being:

- "Normalisation" adjustments (column "thereof normalisation adjustments") – these adjustments bridge the quantum of statistically expected pay-outs included within the business unit column to consolidated statutory results which include actual cash outflows.
- "Other" adjustments (column "thereof other") – the most significant adjustments relate to the following items:
  - A charge associated with the acquisition of GGGL and Geo24 amounting to approximately €1,340k recorded within EBITDA and EBIT described in detail in note 7 below.
  - An impairment charge on amounts drawn by GGGL on the convertible loan facility of €1,598k recorded within financial result (described in the business review section above). The remaining gain of €73k included within this category relates to net income receivable accrued in the normal course of business.
  - Other items impacting revenue and other operating income relate to external revenue and other operating income generated by Schumann e.K. This company does not form part of either the B2C or B2B/B2G segments.
  - Remaining reconciling items do not warrant further commentary.

FORMER SEGMENTAL DISCLOSURE PRESENTATION

As stated in our interim report for the period ended 30 June 2015, to aid understanding and provide comparative information in accordance with the requirements of IFRS 8 "Operating segments", we have provided reporting under the previous segment structure. For reference, descriptions of the previous segments are included below.

The former segmental disclosures are not comparable with the new form segmental disclosures due to the change in methodology for shared cost allocation first presented in Q2 2015. Furthermore, the new form segmental disclosures include "normalised" revenue and EBIT measures whereas the former segmental disclosure model includes statutory revenue and EBIT measures.

"Abroad" segment

The "Abroad" segment comprises the activities of MyLotto24 and the MyLotto24 sub group. MyLotto24 organises the lottery betting business (secondary lotteries) based on various European lotteries and 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 blind and disabled people).
- The international business that offers digital services to private business partners or state lotteries.
- The business of marketing the German class lotteries NKL and SKL in Germany.
- Our investments in associates and joint ventures.

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. Finance income and expenses 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.

01
02
03
04

Segment reporting	"Germany"		"Abroad"		Consolidation eliminations		Consolidated	
	01/01–31/03		01/01–31/03		01/01–31/03		01/01–31/03	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
in €k								
Revenue	**1,681**	**1,510**	**36,054**	**33,538**	**(161)**	**(146)**	**37,574**	**34,902**
Depreciation/amortisation	50	69	873	1,716	0	0	923	1,785
EBIT	**(39,164)**	**(3,390)**	**19,514**	**17,488**	**33,894**	**(1)**	**14,244**	**14,097**
Financial result	(1,396)	90,978	(102)	(9)	(27)	(91,000)	(1,525)	(31)
Share of result from associated companies	–	(332)	–	–	–	–	–	(332)
Share of result from joint ventures	–	(623)	–	–	–	–	–	(623)
Income tax	0	0	(4,024)	(3,652)	–	0	(4,024)	(3,652)
Profit from continuing operations	**(40,360)**	**86,633**	**15,388**	**13,826**	**33,667**	**(91,000)**	**8,695**	**9,459**
Assets	**25,336**	**105,943**	**101,307**	**104,567**	**(7,857)**	**(72,645)**	**118,786**	**137,865**
Reconciliation to balance sheet								
Deferred taxes	–	–	–	–	–	–	773	1,122
Income tax receivables	–	–	–	–	–	–	153	1,742
Short-term financial assets	–	–	–	–	–	–	19,735	15,765
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**139,447**	**156,494**
Debts	**(14,625)**	**(10,783)**	**(45,404)**	**(76,964)**	**28,597**	**57,719**	**(31,432)**	**(30,028)**
Reconciliation to balance sheet								
Deferred taxes	–	–	–	–	–	–	–	–
Tax liabilities	–	–	–	–	–	–	(10,265)	(5,463)
Total debts	**–**	**–**	**–**	**–**	**–**	**–**	**(41,697)**	**(35,491)**

There are no material reconciling items between the aggregated business unit results and the consolidated statutory results for Q1 2016. Reconciling items for Q1 2015 relate to the elimination of dividend payments made by the "Abroad" segment to the "Germany" segment.

Segment assets do not include deferred taxes, income tax receivables or short-term financial assets as it is not possible to allocate these asset classes to individual segments. Segment liabilities do not include deferred taxes, tax liabilities or interest-bearing liabilities as it is not possible to allocate these liability classes to individual segments. A reconciliation between the assets and liabilities allocated to segments and the total assets and liabilities included in the consolidated balance sheet is included in the table above.

01
02
03
04

3 TAXES

The tax calculation of the Group is based on an effective tax rate which suitably reflects the forecasted tax expense for the full year.

	Q I 2016	Q I 2015
in €k		
Current income tax expense	4,024	3,640
Deferred tax expense/income	–	12
Total income tax	**4,024**	**3,652**

4 DIVIDENDS PAID

In accordance with our dividend policy, ZEAL Network paid the first interim dividend of 2016 amounting to €0.70 per share at the end of Q1 2016. We intend to pay three more instalments of €0.70 per share at the end of each quarter in 2016. We anticipate that we will continue quarterly payments of at least that amount in 2017 and future years. ZEAL Network's dividend policy is subject to periodic review and possible amendments depending on future earnings and financial position.

5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 FAIR VALUE

All assets and liabilities for which fair value is measured or disclosed in the interim 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.

All financial instruments held by the Group at 31 March 2016 are classified as level 1. For all financial instruments the carrying amount approximates to fair value with the exception of the loan receivable balance of €3,075k (reported on the consolidated balance sheet under "long-term loans") whose fair value approximates to €2,603k. Of the short-term financial assets held at 31 March 2016 amounting to €19,735k (31 December 2015: €12,883k), €12,484k were available-for-sale financial assets (31 December 2015: €7,766k) and €7,251k were held-to-maturity financial assets (31 December 2015: €5,117k).

Assets and liabilities are reviewed at the end of each reporting period to determine whether any transfers between the levels of fair value hierarchy are deemed to have occurred. Given the nature of the assets and liabilities held, transfers between levels of fair value hierarchy are not expected. During 2016, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

5.2 CREDIT RISK

The scope of the credit risk of ZEAL equals the sum of cash, short-term financial assets, trade receivables and other receivables.

Cash and other financial assets

There may be a default risk both in respect of the cash and short-term financial assets themselves, as well as the related interest accrued.

Due to the high total amount of cash and short-term financial assets held by ZEAL, 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 a variety of short-term securities offering as much liquidity and as little volatility as possible, while ensuring broad risk diversification. The overriding objective of our investment strategy is to preserve capital – even at the expense of expected returns.

01 02 03 04

ZEAL's investment strategy is aimed at spreading and minimising risk by means of multi-dimensional diversification. Firstly, funds are divided into differing investment products, such as sight and term deposits, highly fungible government bonds of Eurozone states and short-term investment fund units. Secondly, we restrict our choice to those investments with good credit ratings. Following regular monitoring, there were no specific default risks in the portfolio as of the balance sheet date.

Trade and other receivables

The Company mainly collects the amounts owed by customers directly, via direct debit or credit card. On the basis of many years of collected data, the risk of returned direct debits or credit card charges is regarded as limited. Missing amounts from such cancellations are charged directly to "Other operating expenses".

The Group generates receivables from lottery organisers for the winnings of its customers, which are passed on directly to the winners upon receipt. Due to the credit standing of the lottery organisers, the Group does not expect any significant default on payment.

Receivables from payment systems such as credit card companies entail the risk that the Group's customers themselves fail to meet their payment obligations. This risk is recognised directly in profit or loss in the event of payment default by a customer.

Contingent assets

No contingent assets were recognised at 31 March 2016 (31 December 2015: no contingent assets recognised).

5.3 LIQUIDITY RISK

Due to the sufficiency of its liquid assets, ZEAL is not exposed to any significant liquidity risk. Even in the case of significant restrictions of business against the backdrop of regulatory developments, ZEAL has sufficient liquidity to service the Company's liabilities at any time. Financial liabilities are mainly due immediately and do not accrue interest.

In order to limit the particular risk of high jackpot pay-outs in the B2C segment, MyLotto24 Limited conducts hedging transactions – such as the transfer of payment obligation risks to a so-called catastrophe bond ("CAT bond") via an ILS vehicle.

Financial liabilities and trade payables presented on the face of the balance sheet are mainly payable within one year.

5.4 INTEREST RATE RISK

ZEAL invests the majority 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. Sensitivity analyses performed yielded no material movement in interest income based on an increase or decrease of 10 basis points.

5.5 CURRENCY RISK

The Company is exposed to a currency risk as a result of the GBP exchange rates. The risk arises from payments received and made in foreign currency, which differ from the Company's functional currency and are not always offset by payments in the same currency of the same amount and with the same maturities. Sensitivity analyses performed yielded no material movement in foreign exchange gains or losses based on an increase or decrease of 10% GBP to Euro exchange rates.

The financial assets currently held do not bear any material currency risk.

6 CAPITAL MANAGEMENT

ZEAL operates a decentralised capital management system. All major decisions concerning the financial structure of the B2B/B2G segment are taken by the Executive Board of ZEAL Network. Capital management activities of the B2C segment are handled by MyLotto24 Limited, with the exception of Tipp24 Services which operates its own capital management system.

Neither the segments nor the Group as a whole has any externally imposed capital requirements other than the minimum capitalisation rules that apply to subsidiaries in Germany and Spain.

The objective of the capital management policy of all individual segments, and of the Group as a whole, is to maintain investor, creditor and market confidence and sustain future development of the business. Specific principles and objectives of capital management are as follows:

- The capital structures of the B2B/B2G segment, the B2C segment and Tipp24 Services Limited (together "the segments") consist of shareholders' equity as none of these segments hold any external debt.
- The amount of each segment's surplus equity (i.e. the quantum of equity that exceeds the amount required to secure each segment's stable financial position) is to be used for inorganic acquisitions and the funding of further organic growth in line with the strategic objectives.

- ZEAL Network also monitors the capital structure of all segments to ensure that sufficient equity is available to service external dividend payments.
- While none of the segments currently hold external debt, in the medium-term, ZEAL Network may also leverage its financial position to secure funding to finance growth or future acquisitions.

The capital capacity and requirements of each segment is reviewed on at least a quarterly basis by the Executive Board and Supervisory Board. The objective of these reviews is to ensure that there is sufficient capital available to ensure that external dividend payments can be made and each segment has sufficient resources available to fund ongoing working capital, investment and acquisition plans.

7 GEONOMICS GLOBAL GAMES LIMITED ("GGGL") AND GEO24 UK LIMITED ("GEO24")

During Q1 2016, ZEAL Group entered into a number of separate transactions with GGGL and Geo24 in advance of and as part of the purchase of the non-ZEAL owned shareholdings. The nature of these transactions together with the accounting impact for each is set out below:

7.1 IMPAIRMENT OF LOANS ADVANCED TO GGGL UNDER THE CONVERTIBLE LOAN FACILITY

As noted in the 2015 Annual Report, in July 2015, Tipp24 Investment 1 Limited entered into an agreement with GGGL to provide a convertible loan facility amounting to £2.6m (with a further £0.4m available if certain targets were met) to fund the working capital of GGGL. The loan facility bears an interest rate of 50% per annum if KPIs included in the facility are met and 70% per annum if the KPIs are not met.

At 31 December 2015, the loan facility remained undrawn and the required KPIs had not been met. There was therefore no impact on the consolidated financial statements for the year ended 31 December 2015. The first draw-downs totalling £1.25m occurred in January 2016 and February 2016. The Group provided against these amounts in full on the date of each draw-down as the Group believed that there was significant uncertainty over whether the funds would be repaid. All draw-downs were effected well in advance of the completion date and, as such, do not form part of the cost of acquisition of GGGL and Geo24 (set out at 7.2 below). A charge of €1,598k relating to the amounts drawn on the facility has been separately recorded within the consolidated income statement as an impairment of convertible loan. No interest income was recognised on the loan draw-downs as there was insufficient uncertainty that any interest income accrued would be recovered.

7.2 ACQUISITION OF NON-ZEAL OWNED SHARES IN GGGL AND GEO24

At 31 December 2015, Tipp24 Investment 1 Limited, a wholly owned subsidiary of ZEAL Network SE, held 104,965 ordinary shares in GGGL. GGGL is a software licensing and development company incorporated in the UK. On 29 January 2016, ZEAL Group exercised 37,738 warrants and was granted 37,738 new ordinary shares in exchange for consideration of £377. Post warrant exercise, ZEAL Group owned 142,703 shares in GGGL or 32.13% of the total shares in issue at that date (444,081 ordinary shares).

As noted in the 2015 Annual Report, the Directors made the decision to purchase the non-ZEAL owned shares of GGGL during Q1 2016 as both parties believed that the technical know-how and expertise of the personnel employed by GGGL and its joint venture Geo24 UK Limited ("Geo24") would fit well with ZEAL Group's wider growth aspirations. On 10 March 2016, the Group signed a share purchase agreement ("SPA") with the shareholders of GGGL to acquire the remaining issued share capital of GGGL that was not owned by ZEAL Group at 29 January 2016. As GGGL owned the non-ZEAL owned shares of Geo24 at the acquisition date, ownership of 100% of the issued share capital of GGGL lead to full control of Geo24 passing to the ZEAL Group.

The remaining shares in GGGL that were in issue at the SPA signing date, but not owned or beneficially owned by ZEAL Group (301,378 ordinary shares), were acquired from the non-ZEAL shareholders on 30 March 2016 for consideration of £814k (€1,041k) (representing a value of £2.70 (€3.45) per share). The excess of the purchase consideration over the fair value of net liabilities acquired in GGGL and Geo24, resulting in a charge of €1,340k, was written off to the consolidated income statement in March 2016. This charge, effectively representing recruitment costs, was recorded as a loss on acquisition.

Immediately following the acquisition ZEAL management implemented the decisions made prior to the acquisition in relation to the technical staff and the Geo24 websites. The technical staff employed by GGGL were assigned to existing B2B/B2G projects developed by the ZEAL Group. Furthermore, before the end of Q1 2016, the websites run by Geo24 prior to acquisition were shut down. As neither the business of GGGL nor the business of Geo24 were capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors, the Directors of the Company concluded that neither GGGL nor Geo24 constituted "businesses" as defined in IFRS 3 "Business Combinations".

Although neither GGGL nor Geo24 constituted businesses as defined by IFRS 3 "Business Combinations" and the related disclosure requirements are therefore not required, the Directors believe that details of the assets and liabilities acquired and consideration transferred would be informative to users of the interim financial statements. The following table summarises the consideration transferred for control of GGGL, the fair value of the previously held interest in GGGL and details of the assets acquired and liabilities assumed at the acquisition date in GGGL and Geo24. No goodwill was recorded on acquisition.

Recognised amounts of identifiable assets acquired and liabilities assumed	GGGL	Geo24	**Total**
in €k			
Cash and cash equivalents	278	140	418
Trade receivables	3	–	3
Other current assets and prepaid expenses	231	3	234
Trade payables	(8)	–	(8)
Other liabilities and short-term provisions	(752)	(56)	(808)
Income tax liabilities	(138)	–	(138)
Total identifiable net liabilities			**(299)**
Consideration transferred for 67.87% of GGGL (301,378 shares)[1]	(1,041)		
Consideration transferred			**(1,041)**
Total loss on acquisition			**(1,340)**

[1] *Consideration transferred on acquisition of Geo24 UK Limited was €nil.*

Net cash outflow arising on acquisition	
in €k	
Cash consideration	(1,041)
Less: cash and cash equivalents balances acquired	418
Acquisition, net of cash	**(623)**

No contingent consideration is payable in relation to the acquisition.

8 RELATED PARTIES

The Members of Executive Board and Supervisory Board of ZEAL Network, as well as their immediate relatives, are regarded as related parties in accordance with IAS 24 "Related party disclosures".

At the Annual General Meeting for the year ended 31 December 2010, held on 29 June 2011, Jens Schumann was elected Member of the Supervisory Board with effect from 1 July 2011. Jens Schumann is the sole shareholder of Schumann e.K. This structure has existed in comparable form since 2002 and was chosen because class lotteries only issue sales licenses at present to natural persons or companies in which neither the liability of the company or its direct and indirect partners is limited. A cooperation agreement is in place between ZEAL 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. ZEAL provides Schumann e.K. with services in the field of controlling, bookkeeping, marketing and technical services and bears the costs incurred by Schumann e.K. in running its operations. As Schumann e.K. forms part of the ZEAL Group, all charges and income eliminate in full in the consolidated financial statements.

As Jens Schumann operates Schumann e.K. in the interest of ZEAL, ZEAL has undertaken to indemnify him 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 fulfilment of this indemnification may not cause ZEAL to become insolvent or over-indebted. In his capacity as shareholder of Schumann e.K., Mr. Schumann did not receive any remuneration during the business year.

Oliver Jaster is a Member of the Supervisory Board. The operating business of Schumann e.K. was outsourced to a related company of Oliver Jaster, Günther Direct Services GmbH, Bamberg. In return, Günther Direct Services GmbH, Bamberg, received compensation of €34k in the period under review (2015: €30k).

The charitable foundation "Fondation enfance sans frontières", Zurich, owner of the preference shares of MyLotto24 Limited and Tipp24 Services Limited, has been identified as a related party. It did not receive any remuneration from ZEAL in the reporting period.

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

9 SUBSEQUENT EVENTS

There were no significant events after the balance sheet date that require separate disclosure.

10 STATUTORY ACCOUNTS

The financial information shown in this publication, which was approved by the Board of Directors on 13 May 2016, is unaudited and does not constitute statutory financial statements. The Annual Report of ZEAL Network SE for the year ended 31 December 2015 has been filed with the Registrar of Companies in England and Wales. The report of the auditor on those accounts was unqualified and did not contain a statement under section 498 (2) or section 498 (3) of the UK Companies Act 2006.

FINANCIAL CALENDAR

22 June 2016	Annual General Meeting
12 August 2016	Publication of Q 2 Report
11 November 2016	Publication of Q 3 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 & design
Impacct Communication GmbH

www.impacct.de