

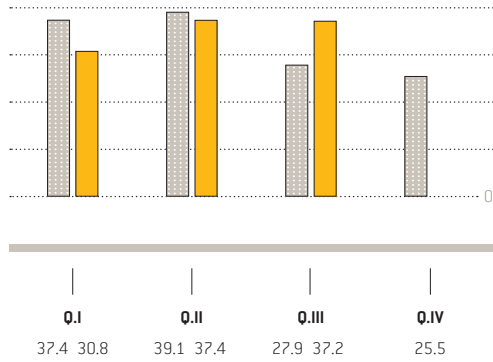
Tipp24



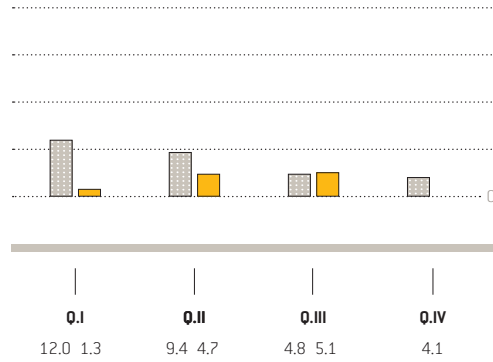
NEW HORIZONS

QUARTERLY FINANCIAL REPORT
1 JAN.-30 SEP. 2014

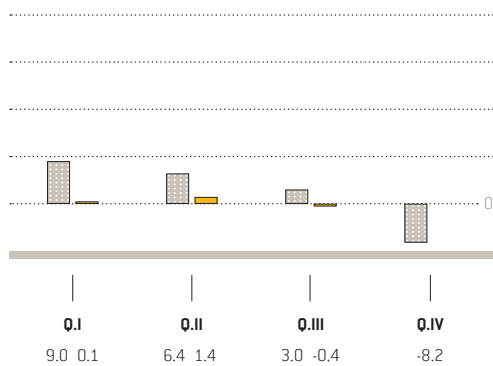
REVENUES in € million



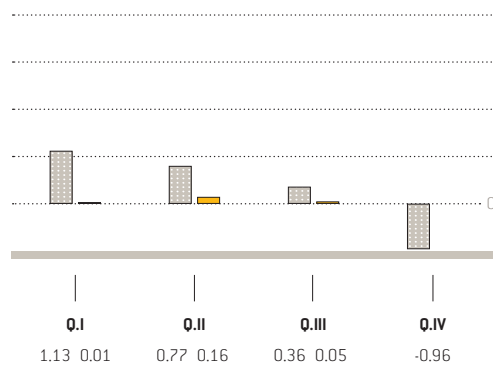
EBIT in € million



NET PROFIT¹⁾ in € million



EARNINGS PER SHARE¹⁾ in €



■ 2013
■ 2014

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(Possible rounding differences in the Interim Group Management Report and Interim Consolidated Financial Statements due to presentation in €k)

¹⁾ from continued operations

LADIES AND GENTLEMEN,

In the first nine months of 2014, Tipp24 generated revenues of €105,414k (Q.I-III 2013: €104,371k). Due to increased personnel and other operating expenses, mainly for marketing, consolidated EBIT amounted to €11,134k and thus fell short of the Q.I-III figure of 2013 of €26,191k. Accordingly, the EBIT margin fell by 14.5 %-points, from 25.1% to 10.6%.

Adjusted for random statistical effects, consolidated revenues of €97,981k reached the same level as the Q.I-III 2013 figure of €97,929k. However, customer activity and thus revenues were negatively affected by Germany's success in the FIFA World Cup which distracted players from participating in lotteries, unusually good weather and low density of relevant jackpots. The similarly adjusted EBIT amounted to €8,897k (Q.I-III 2013: €24,292k) and the EBIT margin to 9.1% (Q.I-III 2013: 24.8%).

As a result of changes to be implemented by the UK fiscal authorities regarding the basis for the assessment of remote gaming duty, MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24 SE, will cease to be liable for the payment of such duty on its gross gambling yield derived from business outside of the UK as of 1 December 2014. The effect of this change will depend on the volume and geographical origin of MyLotto24's future gross gambling yield. Had the new rules already applied to the gross gambling yield of the past four quarters, consolidated direct costs of operation would have been reduced by a total of ca. €16.5 million in that period, with a corresponding positive effect on EBIT.

2014 is a year of change – we relocated Tipp24 SE to London, the centre of the European online gaming industry and are working hard on developing and executing our international business activities, especially in the UK and North America.

Tipp24 SE is taking the next step in its development by renaming the company ZEAL Network SE. The planned name change reflects the company's wider strategic focus which has expanded over the past few years beyond the original consumer-facing business.

Today, Tipp24 SE is active in three units of business: First, the company consolidates revenues from the well-established consumer-facing secondary lottery business which is conducted by its UK-based minority shareholdings. Second, Tipp24 SE offers business-to-business services for licensed lottery operators such as state lotteries and for non-governmental organisations under the brands Lottovate and Lotto Network. Third, Tipp24 operates its own lotto games, such as the innovative GeoLotto which was launched in the UK at the end of September.

Tipp24 has invited its shareholders to an Extraordinary General Meeting in London on 19 November 2014. The sole resolution on the agenda will be the renaming of the company as ZEAL Network SE. If shareholders accept the proposal with the required majority, the new name will come into effect a few days later. Already on 20 October 2014, Tipp24 (UK) Limited was renamed as "Lottovate Limited".

Against the background of a comparably weak first half year and time delays in the ramp-up of new businesses, we have already adjusted our forecast for the full year 2014 in this year's interim report as of 30 June: While we still expect to grow revenues to between €135 and €145 million, we have revised our EBIT forecast to between €15 and €25 million. The stated ranges also take account of statistical fluctuations in payouts for our secondary lottery business.



Dr. Hans Cornehl
Chairman



Dr. Helmut Becker

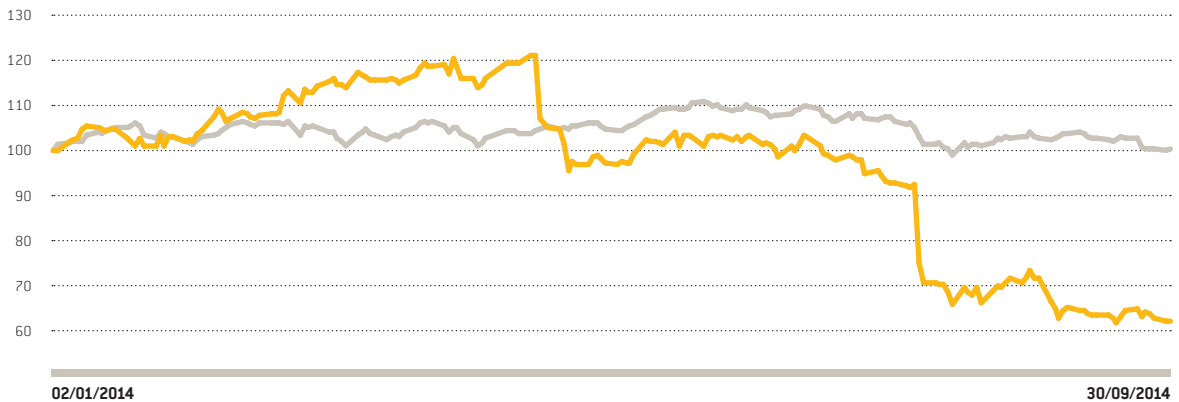
KEY CONSOLIDATED FIGURES OF TIPP24 SE ACC. TO IFRS

		Q.I-III 2014	Q.I-III 2013	Change %
Revenues	€k	105,414	104,371	+1.0
EBIT	€k	11,134	26,191	-57.5
EBIT margin	%	10.6	25.1	-14.5 %-points
Net profit ¹⁾	€k	1,115	18,392	-93.9
Net profit margin ¹⁾	%	1.1	17.6	-16.5 %-points
Cash flow from operating activities	€k	13,502	18,090	-25.4
Equity (30/09/2014, 31/12/2013)	€k	113,535	175,556	-35.3
Employees (30/09)	headcount	253	126	+100.8

¹⁾ from continued operations

SHARE

PERFORMANCE OF THE TIPP24 SHARE (INDEX 02 JAN. 2014=100)



€48.63
6,834.65

— Tipp24 €29.99
— SDAX 6,852.82

While Europe's crisis-hit states continue their efforts to tackle the sovereign debt problem, the expansionary monetary policy of the European Central Bank (ECB) aims to avoid a renewed slide into deflation. Meanwhile, the conflict in Ukraine is still escalating and further trouble spots in Iraq and Syria have erupted. In view of these problems, the relevant international share indices closed the quarter virtually unchanged following considerable fluctuation. During the course of the third quarter, however, the geopolitical risks stated above had a negative impact on Europe's capital markets. The uncertainty surrounding the referendum on Scotland's independence also led to temporary unrest on the capital markets. Additional fears about the European economy resulted in the DAX closing the quarter 3.6% down on the previous quarter at 9,474.30 points.

Against this backdrop, the SDAX fell by 7.2% in the third quarter to close at 6,852.82 while the Tipp24 share decreased by 38.9% to €29.99 due to the profit warning announced by Tipp24 and negative media coverage.

Tipp24 has invited its shareholders to an Extraordinary General Meeting in London on 19 November 2014. The sole resolution on the agenda will be the renaming of the company to ZEAL Network SE. If shareholders accept the proposal with the required majority, the new name will come into effect a few days later.

KEY SHARE FIGURES

Day of initial listing		12/10/2005
Year-opening price	02/01/2014	€48.63
Market capitalisation	02/01/2014	€408 million
Period end-price	30/09/2014	€29.99
Market capitalisation	30/09/2014	€252 million
Highest price	29/04/2014	€59.00
Lowest price	17/09/2014	€29.80
Number of shares	30/09/2014	8,385k
Own shares	30/09/2014	0 shares
Average daily trading	01/01/-30/09/2014	€2,143k
Earnings per share	01/01/-30/09/2014	€0.12

SHAREHOLDER SERVICE

WKN	TPP024
ISIN	GB00BHD66J44
Ticker symbol	TIM.DE
Stock exchange	Frankfurt
Market segment	Official Market, Prime Standard
Designated sponsor	Close Brothers Seydler
Coverage	Berenberg, Bankhaus Lampe, Deutsche Bank, Kepler Chevreux, M.M. Warburg
Reuters	TIMGn.DE
Bloomberg	TIM GR

DIRECTORS' REPORT AND INTERIM GROUP MANAGEMENT REPORT

BASIC PRINCIPLES OF TIPP24/ECONOMIC ANALYSIS

BUSINESS MODEL

For over fifteen years, Tipp24 – Tipp24 SE and its consolidated companies – has been operating privately in a European lottery market which is still dominated by state operators. Its activities are divided between its "Abroad" and "Germany" segments (terms valid until 7 February 2014 as well as during the reporting period), whereby the operating activities of its "Germany" segment are currently restricted to a cooperation with Schumann e. K. to market the German class lotteries NKL and SKL. The "Germany" segment also includes the investments in Geonomics Global Games Limited and Geo24 UK Limited.

"Abroad" segment

The "Abroad" segment is pooled with the fully consolidated UK-based minority holding MyLotto24 Limited and comprises all consolidated business activities in Spain and the UK. MyLotto24 organises secondary English lotteries based on various European lotteries, whereby it bears the bookmaking risk itself.

Business model since 2009

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, Tipp24 SE discontinued its lottery brokerage activities in Germany. Its alignment was therefore adapted to the requirements of the regulatory environment – although Tipp24 continues to fight in the courts for the resumption of its business in Germany. In the course of this development, Tipp24 SE transferred assets that it no longer required on 1 January 2009 to MyLotto24 Limited and its subsidiaries, which had been active in the UK since 2007. This concerned both the brokerage of state-run German lottery products, as well as the subsidiaries Ventura24 S.L. in Spain and Giochi24 S.r.l. in Italy. In addition, Tipp24 SE transferred control over its UK subsidiaries in accordance with company law in the second quarter of 2009 to reflect the autonomy and individual responsibility of the foreign companies in their respective business fields. Specifically, 60% of the voting shares in both MyLotto24 Limited and Tipp24 Services Limited were sold to a Swiss foundation set up by Tipp24 SE in

the form of preference shares stripped of their main economic rights. These shares have a guaranteed limited right to dividends of up to a total of £30k p.a.. The full consolidation of this affiliated company and its respective subsidiaries in the consolidated financial statements is based on an economic view of their situation, whereby the significant opportunities and risks are still borne by Tipp24 SE.

Relocation of Tipp24 SE

Tipp24 SE speedily initiated the implementation of its relocation to the UK, as adopted by its shareholders at the Annual General Meeting on 28 June 2013, and completed the move on 7 February 2014 with the entry of its new address in the UK's commercial register (Companies House). This step is a logical consequence of Tipp24 SE's strategic realignment: in future, it aims to focus on its international business activities – especially in Europe and North America – and to further develop these activities from its base in the UK.

Tipp24 SE kept its legal form as an "SE" after the relocation and has also maintained its listing in the Prime Standard segment of the Frankfurt Stock Exchange. Its membership in the SDAX index has also been retained. The two-tier Board (Executive Board and Supervisory Board) continues to exercise its functions, whereby the Executive Board now works from the UK. Any partially remaining functions in Germany are to be gradually relocated to the UK over a longer period and in a socially compatible manner. In the Relocation Report of Tipp24 SE (published on 21 May 2013), it was reported that the German registered shares of Tipp24 SE ("Namensaktien") would be converted to Registered Shares under the laws of England and Wales due to legal implications following the relocation of the company's registered office to England. In order to maintain a collective safe deposit of the Registered Shares, the legal ownership of these Registered Shares was transferred to Clearstream as the central depository in exchange for Clearstream Interests (CIs). Shareholders received a corresponding number of CIs in exchange for transferring their legal ownership of the Registered Shares to Clearstream.

Significant economic and legal factors affecting business

Despite the rulings of the European Court of Justice (ECJ) in 2010 and the introduction since then of a somewhat revised State Treaty on Games of Chance, the legal situation for lotteries in Germany can still not be deemed resolved: the First State Treaty to revise the State Treaty on Games of Chance (GlüStV 2012) now in effect throughout Germany updates the former State Treaty on Games of Chance, whose gaming monopoly and attendant legal regulations had proved to be in breach of EU law following the ECJ rulings of September 2010.

Inconsistent implementation of EU law primacy in Germany

Following the ECJ verdicts of 2010, the German judiciary has slowly begun to recognise that the GlüStV of 2008 was largely in contravention of EU law and thus inapplicable. This mostly concerned the state's gaming monopoly, which did not strictly pursue its stated objectives. Courts also criticised the fact that Germany's lottery companies (DLTB) had in practice disregarded exactly those regulations which were meant to justify their monopolistic position and in reality had pursued fiscal objectives, also for lotteries, rather than the regulatory aims of the State Treaty. We believe that this jurisdiction on sports gambling can also be applied to lotteries and the current situation. This view is shared by renowned law professors, but unfortunately there have been no high court verdicts on the subject as yet. In contrast to this, there have been some verdicts on the Internet ban and permit obligation, which have often – but not uniformly – been declared consistent and lawful.

The new GlüStV 2012 in force since mid 2012 has left key regulations regarding lotteries unchanged. We are therefore just as critical of its content: German authorities are now permitted to allow online sports betting and lotteries without exceptions – but are not obliged to do so. Verdicts passed so far concerning the Internet ban for sports betting give no insight into the legality of the new regulation. More recent court decisions, however, assume that online sports betting, also without a permit, is no longer to be treated as forbidden per se as long as no sports betting concessions have been granted according to the new law. All in all, the legal situation has not become any clearer.

In Schleswig-Holstein, there was a completely different and more liberal regulation in force during 2012: online casinos and online sports betting were permitted and online lotteries were even allowed without the need for a permit. This was put to an end in February 2013 with the new state government's accession to the GlüStV 2012. Many of the permits for online sports betting and online casinos issued in the meantime will remain valid in Schleswig-Holstein for seven years, though. This led the German Federal Supreme Court to initiate a first referral procedure with the ECJ regarding the new GlüStV 2012. To this end, the ECJ ruled that in this specific case the mere contradiction of the two regulatory models did not constitute an incoherency as it only applied to a very limited and already completed period and the state in question was relatively small compared to Germany as a whole. The ECJ did not make any statement regarding the appropriateness and coherency of German legislation per se. However, it did take the opportunity to remind the German judiciary of its obligations under EU law to examine any restrictions of fundamental freedoms imposed by gambling legislation with regard to the principles of appropriateness and coherency as well as the rulings of the ECJ.

The European Commission has also been carefully monitoring the new German regulations and has expressed further criticism. Prior to the introduction of the new GlüStV 2012, critical comments were already expressed in 2011. The EU Commission repeated and extended its objections in 2012, when Schleswig-Holstein also registered its intention to accede to the GlüStV 2012. The EU Commission's reservations not only concerned Schleswig-Holstein, however, but the new GlüStV 2012 as a whole.

Varying legal market situation abroad

The development of legal conditions on the markets of our "Abroad" segment also varies strongly:

In the UK, the regulatory environment remains stable and reliable in general. However, some changes were noted in the course of 2014. The UK government has saved costs by merging the National Lottery Commission with the Gambling Commission, after already relocating the National Lottery regulator to Birmingham.

The government has revised the national Gambling Act to improve consumer protection by requiring companies based offshore, but seeking to market gaming products in the UK, to be licensed by the Gambling Commission. Separately, HM Treasury amended gaming taxation which will be implemented on a point of consumption basis from December 2014.

The legal situation in Spain, however, remains unclear. Unequivocal regulations concerning the online brokerage of lotteries – especially product marketing – are not in sight at present.

In the Netherlands, the government has published its intentions to overhaul the national gambling legislation and regulations to allow online gambling (sports betting, casinos, poker). On 11 July 2014, the government submitted the Remote Gambling Bill to parliament that seeks to regulate remote gambling. The government issued a Lottery Letter stating it would allow new lottery initiatives and companies as of 1 January 2017. Before this time and starting in the last quarter of this year, the government will align and consult with stakeholders and interested parties to ensure the income of charities and sports in the Netherlands under a new lottery system and work towards a more transparent licensing system. The Remote Gambling Bill and Lottery Letter, together with the Casino Policy have been sent to parliament and will be discussed in the upcoming months.

In the USA, the Department of Justice ruled in late 2011 that online sales of lottery products were fundamentally allowed and did not constitute a contravention of the "Federal Wire Act" of 1961. The DOJ ruled that the federal states have responsibility for lotteries. Since the Department of Justice ruling, several states have examined the possibility of introducing an online lottery – or have already launched one. Illinois was one of the first states to permit the online sale of lottery tickets in 2011. Shortly after, a private consortium won the state lottery's public bidding process for online marketing. Similar developments can be observed in other states, such as in New Jersey and most recently, in Michigan. The state of Delaware closed its bid acceptance process for online marketing in July 2013. It is expected that further US states will follow over the coming months and years.

At the moment, there is an opposition lobby at federal level which is attempting to overturn the Department of Justice ruling of 2011. The outlook for this anti-online gambling push remains stable and we estimate the chances of this anti-gambling bill being passed in its current form as fairly limited.

GENERAL ECONOMIC CONDITIONS

Global economic growth once again faltered during the course of 2014. Output growth of 2.5% on a rolling annual basis in the first half of the year was down from 3.7% for the same period last year. The economies of the emerging nations in particular fell short of expectations. The financial conditions in these areas deteriorated following strong capital outflows in summer 2013 and the beginning of 2014 while public sector deficits have become much more apparent. Growing geopolitical tensions have further exacerbated the problem: the worsening of the Ukraine crisis has had a particularly strong impact on European business. It is certainly one of the reasons for a noticeable decline in market sentiment throughout the eurozone in the summer half-year and the nascent economic recovery has now once again come to a standstill.

CHANGE IN THE EXECUTIVE BOARD

As already announced, the Chief Financial Officer of Tipp24 SE, Andreas Keil, left Tipp24 at his own request for personal reasons on 30 September 2014.

FINANCIAL POSITION AND PERFORMANCE

Earnings

When comparing figures with those of the previous year, the following special item must be taken into consideration:

MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24 SE, recorded a jackpot win of around €6.7 million on 12 March 2014 in a secondary lottery it held. Including this amount, total payouts for secondary lotteries in the reporting period were €7.4 million below the expected payout value (in Q.I-III 2013 the comparable figure was €6.4 million below the value) with a corresponding impact on revenues of the same amount. This benefited EBIT by an amount of €2.2 million (in Q.I-III 2013 it had benefited EBIT by €1.9 million).

	Q.I-III 2014		Q.I-III 2013		Change %
	in €k	%	in €k	%	
Revenues	105,414	100.0	104,371	100.0	1.0
Personnel expenses	-15,360	-14.6	-8,108	-7.8	89.4
Other operating expenses	-77,780	-73.8	-68,900	-66.0	12.9
Other operating income	4,647	4.4	4,297	4.1	8.1
Operating expenses	-88,493	-83.9	-72,711	-69.7	21.7
EBITDA	16,921	16.1	31,660	30.3	-46.6
Amortisation and depreciation	-5,786	-5.5	-5,469	-5.2	5.8
EBIT	11,134	10.6	26,191	25.1	-57.5
Financial result	-4,312	-4.1	-247	-0.2	1,645.7
Earnings before taxes	6,821	6.5	25,944	24.9	-73.7
Income taxes	-5,774	-5.5	-7,550	-7.2	-23.5
Profit from continuing operations	1,048	1.0	18,394	17.6	-94.3
Profit after tax from discontinued operations	67	0.1	-2	0.0	-3,450.0
Consolidated net profit¹⁾	1,115	1.1	18,392	17.6	-93.9
Breakdown of other operating expenses					
Marketing expenses	-8,530	-8.1	-4,189	-4.0	103.6
Direct costs of operations	-40,823	-38.7	-39,478	-37.8	3.4
Other costs of operations	-28,427	-27.0	-25,232	-24.2	12.7
Other operating expenses	-77,780	-73.8	-68,900	-66.0	12.9

¹⁾ The consolidated net profit is attributable to the owners of Tipp24 SE, London, UK.

EBIT

In view of increased personnel expenses and increased other operating expenses, **consolidated EBIT** in the first nine months of 2014 amounted to €11,134k and thus fell short of the Q.I-III figure of 2013 of €26,191k. Accordingly, the **EBIT margin** fell by 14.5 %-points, from 25.1% to 10.6%. Adjusted for statistical deviations from the expected level of payouts, EBIT amounted to €8,897k (Q.I-III 2013: €24,292k) and the EBIT margin to 9.1% (Q.I-III 2013: 24.8%).

The **"Germany"** segment posted an EBIT result of €-11,616k (Q.I-III 2013: €-5,910k), while the **"Abroad"** segment achieved EBIT of €23,510k (Q.I-III 2013: €34,024k). The increase of the loss in the "Germany" segment resulted mainly from additional personnel expenses, consulting costs in connection with the relocation and non-deductible VAT.

The share in earnings of at-equity consolidated associated companies and joint ventures (Geonomics Global Games Limited – Geonomics, Geo24 UK Limited – Geo24) contributed €-4,441k (Q.I-III 2013: €-478k) to the **financial result**. The strategic focus of these companies in Q.I-III 2014 was on further optimising the Geo product in particular for the UK end-consumer market and starting a first big media campaign. Furthermore, relationships with lottery operators to prepare international sales of the Geonomics product were strengthened. The majority of the ramp-up costs were personnel and personnel-related costs as well as marketing spendings. The total **financial result**, which includes the share in earnings of Geonomics and Geo24, amounted to €-4,312k (Q.I-III 2013: €-247k).

Consolidated net profit in Q.I-III 2014 amounted to €1,115k (Q.I-III 2013: €18,392k), while the net operating margin after tax amounted to 1.1% (Q.I-III 2013: 17.6%).

At 84.7%, the consolidated **tax rate** in Q.I-III 2014 was much higher than in the previous year (29.1%), since the losses of the "Germany" segment were higher as compared to last year while at the same time the earnings of the "Abroad" segment were lower. As the two segments are treated as different tax units – due to the orphanised structure of the Group – the losses of the "Germany" segment cannot be offset against earnings in the "Abroad" segment.

Return on equity stood at 1.0% (Q.I-III 2013: 10.0%) while earnings per share (basic and diluted) decreased from €2.24 to €0.12.

Revenues

In the first nine months of 2014, Tipp24 generated revenues of €105,414k (Q.I-III 2013: €104,371k). Without consideration of consolidation effects, the "**Abroad**" segment accounted for €105,130k (Q.I-III 2013: €104,080k) and the "**Germany**" segment for €288k (Q.I-III 2013: €291k).

Adjusted for random statistical effects, consolidated revenues reached €97,981k and are at the same level as the Q.I-III 2013 figure of €97,929k. However, customer activity and thus revenues were negatively affected by Germany's success in the FIFA World Cup which distracted players from participating in lotteries, unusually good weather and low density of relevant jackpots.

For the organisation of secondary lotteries, reference is made to lottery gaming systems with a fixed ratio of payouts to stakes – this proportion is known as the payout ratio. In the lottery gaming systems organised by the operators of those reference games of relevance to Tipp24, there is a fixed underlying payout ratio of usually 50% in the gaming system for ongoing lottery draws. This also corresponds to the expected payout ratio for the organisation of secondary lotteries.

There may be deviations from this expected value during the actual draws of secondary lotteries. Such deviations are chance effects and represent statistical fluctuations of the ratio of payouts to stakes. A payout ratio above the expected value results in revenues below the expected revenue figure, while a lower payout ratio increases actual revenues in comparison to the expected figure.

In order to aid comprehension of the financial statements and earnings position, the effect of deviations between the expected and actual payouts is therefore stated in the notes to the consolidated financial statements.

Development of key income statement positions

In the first nine months of 2014, personnel expenses were 89.4% up on Q.I-III 2014 at €15,360k (Q.I-III 2013: €8,108k). The year-on-year increase in personnel expenses resulted mainly from (i) a cost shift from other operating expenses due to the incorporation of a former technical service provider (€4,981k), (ii) organic headcount growth (€1,780k) and (iii) additional members of the Executive Board (€491k).

Compared to the previous year, **other operating expenses** rose from €68,900k to €77,780k. The development in detail was as follows:

- **Marketing expenses** of €8,530k were up 103.6% on the Q.I-III 2013 figure of €4,189k.
- **Direct costs of operations** increased to €40,823k (Q.I-III 2013: €39,478k) – a rise which resulted mainly from higher hedging transactions of MyLotto24 Limited.
- **Other costs of operations** rose by 12.7% to €28,427k (Q.I-III 2013: €25,232k) despite a shift of €4,981k from this position to personnel expenses. More than half of this increase refers to non-recurring items – mainly costs for the planned renewal of the hedging structure and non-deductible VAT of Tipp24 SE.

At €4,647k, **other operating income** was 8.1% above the Q.I-III 2013 figure of €4,297k.

Amortisation and depreciation in the first nine months amounted to €5,786k (Q.I-III 2013: €5,469k).

Financial position

Compared with the balance sheet date, Tipp24's **equity** fell in total by €62,021k to €113,535k as of 30 September 2014 due to the fact that Tipp24 distributed a one-off special interim dividend of €7.50 per share (altogether €62.9 million) on 30 April 2014. Over the same period, the equity ratio decreased by 6.3 %-points to 75.9%, the balance sheet total fell by 30.0% to €149,521k.

Dividend policy

On 27 February 2014, the Executive Board of Tipp24 SE announced that it would distribute a one-off special dividend on 30 April 2014 in the form of an interim dividend amounting to €7.50 per share.

The Executive Board also concluded to propose regular annual dividend payments to shareholders starting from 2015. The first dividend in this regard would be based on the annual financial statements for the current business year 2014. The annual dividend is to be at least €1.50 per share – provided that the company's financial position and performance enables such a dividend.

Financial analysis

Other liabilities in €k	30/09/2014	31/12/2013
Liabilities from gaming operations	14,153	13,996
Tax liabilities	2,091	1,464
Liabilities from outstanding invoices	1,235	600
Liabilities from social security	160	122
Others	846	1,787
	18,485	17,971

As of the reporting date, other liabilities – which mainly consist of advance payments, winnings payments owed to customers not yet settled as of the balance sheet date, licence and operator fees owed to gaming licensors (liabilities from gaming operations), tax liabilities and outstanding invoices – were up 2.9% to €18,485k, compared with €17,971k on 31 December 2013.

Investment analysis

In the first nine months of 2014, investing activities resulted in cash inflows of €50,575k (Q.I-III 2013: cash outflows of €29,328k). Financial investments resulted in net cash inflows of €60,599k (Q.I-III 2013: outflows of €28,033k) from the sale of financial assets. Cash outflows for investments in acquisitions, operating business for software, hardware and office equipment totalled €10,024k (Q.I-III 2013: €-1,295k).

Liquidity analysis

Key cash flow positions in €k	Q.I-III 2014	Q.I-III 2013
Cash flow from operating activities	13,502	18,090
Cash flow from investing activities	50,575	-29,328
thereof financial investments	60,599	-28,033
thereof operative investments	-10,024	-1,295
Cash flow from financing activities	-62,888	15,337
Change in cash and pledged cash	1,189	4,099
Cash at the beginning of the period (except pledged cash)	85,465	77,946
Changes in consolidated group	0	-582
Cash at the end of the period (except pledged cash)	86,654	81,463
Short-term financial assets	14,219	81,303
Available funds	100,873	162,766

At €13,502k, **cash flow from operating activities** in the first nine months of 2014 was €4,588k below the Q.I-III 2013 figure of €18,090k. This was mainly due to a corresponding decrease in profit before tax.

As explained in the investment analysis section above, **cash flow from investing activities** amounted to €50,575k in the period under review (Q.I-III 2013: €-29,328k).

Due to the payment of the one-off special interim dividend in April 2014, **cash flow from financing activities** amounted to €-62,888k. In the prior year, the figure amounted to €15,337k. Here, Tipp24 had a cash inflow from the capital increase performed in April 2013.

As of 30 September 2014, Tipp24 had available funds in the form of cash and short-term financial assets of €100,873k (Q.I-III 2013: €162,766k). This ensures that the secondary lottery operator, MyLotto24 Limited, is sufficiently financed to effect payments of potential high jackpot winnings.

Other current assets and prepaid expenses in €k	30/09/2014	31/12/2013
Receivables from gaming operations	1,443	5,164
Prepaid expenses	3,430	5,156
Receivables from tax authorities for sales taxes	173	184
Others	556	1,882
	5,602	12,386

Asset situation

Tipp24's asset profile continues to be dominated by current assets of €109,872k (31 December 2013: €168,988k) – these largely consist of cash (€88,925k), short-term financial assets (€14,219k) and other assets and prepaid expenses (€5,602k).

Moreover, Tipp24 has intangible assets (mainly software) amounting to €8,859k, at-equity consolidated financial assets of €24,590k, other equipment, furniture & fixtures and leased assets (mainly hardware and office equipment) amounting to €3,092k and deferred tax assets amounting to €3,076k.

Overall statement on economic position

Since the implementation of the second stage of the GlüStV 2008 over five years ago, Tipp24 has been prevented from pursuing its historical business of brokering state-run lotteries in Germany.

The exception to this was the beginning of restricted brokerage operations by Lotto24 AG under www.lotto24.de. In view of the politically determined conditions in 2012, we conducted a complete legal separation of Lotto24 AG from Tipp24 SE and its investment companies in order to give our former subsidiary the possibility to commence full brokerage operations in Germany as soon as possible. At the same time, business activities in the "Abroad" segment remained stable at a high level.

Against this backdrop, we continue to regard Tipp24's situation as generally robust: Tipp24 has sufficient resources to successfully prevail even in the face of significant regulatory restrictions.

At the same time, we see the opportunity for sustained encouraging growth in the medium term: in comparison with other sectors, the global online lottery market is still underdeveloped and offers significant growth potential in the coming years.

Tipp24 is excellently positioned to benefit strongly from such growth. Furthermore, we see attractive additional potential in new product categories and in the course of a possible deregulation of the international lottery markets.

We also plan to efficiently tap the online lottery markets as a partner of the state lottery companies and private enterprises by utilising our leading technological and marketing expertise as a service provider. Our activities with the Spanish ONCE lottery and further talks with potential customers have strengthened our view that this is a promising market segment. We also see attractive opportunities on the UK market with our investment in GeoLotto.

SUBSEQUENT EVENTS

On 1 October 2014 MyLotto24 has sold its 100% subsidiaries Ventura24 S.L., Madrid, Spain, Ventura24 Games S.A., Madrid, Spain, LottoNetwork Limited, London, UK, and GSG Lottery Systems GmbH, Hamburg, Germany, to Tipp24 SE by way of distribution of property dividends.

Tipp24 has proposed to its shareholders to rename Tipp24 SE to ZEAL Network SE. On 2 October 2014, Tipp24 SE acquired 100% of ZEAL Network Limited, an unlisted company based in London, a step which was necessary to reserve the envisaged future name of the corporation in the trade register.

Furthermore, Tipp24 has rebranded its activities in the field of business to business services to licensed lottery operators to reflect the wider strategic focus of the company which has expanded beyond the secondary lottery business of Tipp24 to Lottovote.

As a result of changes to be implemented by the UK fiscal authorities regarding the basis for the assessment of remote gaming duty, MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24 SE, will cease to be liable for the payment of such duty on its gross gambling yield derived from business outside of the UK as of 1 December 2014.

FORECAST, OPPORTUNITY AND RISK REPORT

FORECAST REPORT

According to the management of our minority shareholdings, they intend to continue business activities in the "Abroad" segment.

We regard the provision of technology and marketing services for international lottery operators enabling them to successfully market their products online, as a new and promising business field in the medium term. In addition to Europe, we see clear signs of deregulation especially in North America and plan to efficiently tap this online lottery market as a partner of the state lottery companies.

Our investment in the UK-based Geonomics Global Games Limited is aligned with that strategy since it involves offering of product innovations to other lottery companies for roll-out in their respective lottery markets.

Additionally, we founded a joint venture with Geonomics in 2013 in order to launch and capitalise the product GeoLotto – for which Geonomics has received a license from the UK's Gambling Commission – in the UK.

Expected earnings position

Against the background of a comparably weak first half year and time delays in the ramp-up of new businesses, we have already adjusted our forecast for the full year 2014 in this year's interim report as of 30 June: While we still expect to grow revenues to between €135 and €145 million, we have revised our EBIT forecast to between €15 and €25 million. The stated ranges also take account of statistical fluctuations in payouts for our secondary lottery business.

OPPORTUNITIES REPORT

The growing online lottery markets rely heavily on the prevailing legal conditions of the respective countries. In certain European countries, and especially in North America, we see clear signs of a deregulation which may lead to an opening of the local online lottery markets. This would open up promising potential for Tipp24's core competency in technology and marketing services for online lotteries.

In the UK, our investment Geonomics already holds a licence to operate and market GeoLotto – a geo-based online lotto game. In order to quickly provide the best-possible funding for this business opportunity, a joint venture was formed with Geonomics. Tipp24 can contribute the online marketing know-how it has gathered over the years in order to efficiently launch this new lottery product on the market. Even a small market share of the UK's current gaming volume would significantly boost Tipp24's revenues and, subsequently, earnings.

Growth opportunities in countries such as Germany are still greatly restricted by legislation which goes against valid law and political common sense. However, a variety of verdicts may also result in steps towards deregulation in Germany over the medium term with a direct or indirect impact on lotteries. With its past experience of the German market, Tipp24 may benefit strongly from such a development.

RISK REPORT

In our Management Report 2013, we described in detail all risks in connection with the business activities of Tipp24, as well as the management of these risks and systems to recognise such risks at an early stage. The risks can be divided mainly into sector and market risks, legal risks resulting from the regulatory environment for the operations of Tipp24, business risks, risks from the processing of gaming operations, personnel risks and general business risks. Within the scope of this interim management report, we would like to focus in particular on the risks presented below:

Financing and currency risks

As Tipp24 conducts a significant proportion of its business in euro, there is no significant currency risk for its core activities. However, the UK companies are exposed to a currency risk regarding the British pound and their profit margins may be affected by currency fluctuations. Foreign associated companies are economically autonomous within their respective markets. This is underlined by the fact that they have local general managers who are also responsible for controlling the respective financing and currency risks.

Risks from payment transactions

National or international payment transaction restrictions may be introduced in connection with the further regulation of gaming markets. Moreover, the number of available payment service providers for the gaming market is restricted. As a consequence, there is a risk that such providers may leave this market segment and no suitable replacement may be available for Tipp24, even at a higher cost. Whereas cost increases for payment transactions would have a negative effect on the profitability of individual or even all Tipp24 companies, payment transaction restrictions or a lack of available payment service providers might have a significant adverse effect on the business activities of Tipp24. Against the backdrop of recent media reports on the subject of payment blocking, the Executive Board reviewed the risk and came to the conclusion that the Executive Board's assessment of risks from payment transactions remains unchanged.

Regulatory risks

There is a risk that the restrictive legal framework continued by the GlüStV 2012 may be upheld to a large extent or completely also in the medium term. For example, the Internet ban has been upheld in principle and private gaming offerings are forbidden or subject to the issue of permits without any legal claim to such permits. There are also no objective and predictable criteria regarding these permits. Tipp24 SE is making efforts to receive the permits in order to resume the operations in Germany it was forced to discontinue at the end of 2008. However, considering the many years of legal wrangling between Tipp24 SE and the authorities and the duration of the permit process which has already been pending for more than one and a half year, we assume that any permit application process involving Tipp24 SE will be burdened. In view of freely available information on the restrictions for those providers who have already received permits, it must further be assumed that permits will either not be available at short notice or not on acceptable terms, and that initially we will be forced to engage in (further) legal disputes. Against this backdrop, we do not expect to regain sufficient access to the tremendous potential of the German gaming market in the near future.

Following the repeal in 2011 of a prohibition order addressed to Tipp24 SE regarding the offerings of its minority investments, there have been no further attempts by the German authorities to challenge Tipp24 SE about its minority investments. In 2011, the Administrative Court of Wiesbaden (Verwaltungsgericht – VG) had ruled that no action could be taken against Tipp24 SE regarding the offerings of its legally independent companies as it no longer had control over them. However, the possibility cannot be completely excluded that certain authorities will once again issue prohibition orders against Tipp24 SE, or impose coercive payments and regulatory fines which may be upheld in court.

Moreover, German authorities are attempting to directly forbid or prevent the UK companies from operating their own business model. Even if the legal basis for such action outside Germany is difficult to comprehend and its effect questionable, it cannot be excluded that such measures – e.g. payment blocking measures as recently discussed in the German media – would hinder or prevent the business activities of the UK companies. As in the past, it is possible that the state lottery companies may claim the UK companies are being anticompetitive, as they allegedly contravene the GlüStV 2012. Although we assume that the UK companies are acting legally on the basis of valid concessions explicitly allowing the activity performed, it cannot be ruled out that they will fail to assert their rights in German courts. In this connection, we also cannot exclude the possibility that the UK regulatory authorities themselves may include restrictions in the licence in view of possible competition proceedings in Germany. All in all, therefore, we cannot exclude the possibility that the above mentioned risks may lead to a significant restriction in the business activities of the UK companies.

Overall, we believe it is probable that the courts will continue to rule that the German monopoly regulations are incoherent and disproportional. A coherent implementation of restrictions intended to prevent gambling addiction would not ignore the most dangerous games in this respect (commercial gaming machines) – even though some aspects of gaming arcades have been subjected to stricter regulations. Policy regarding casinos has hardly been changed. Moreover, the liberalisation of sports betting affects an area of gaming which is clearly more dangerous than lotteries. Current advertising methods of state-run lotteries still

contradict the aim of preventing gambling addiction and are instead aimed at gaining new customers – as repeatedly criticised by jurisdiction. Such incoherencies may result in further rulings which declare the new legislation to be inapplicable. It is unclear to what extent the views held by several courts in the past will be upheld, namely that only the monopoly is ineffective, while the permit requirement and Internet ban are effective. The consequences of these views for the present situation are equally unclear – not least in view of that the courts have recently ruled on several occasions that the legal practice of the state monopolists and supervisory authorities is incoherent, e.g. regarding advertising for games of chance. There is a strong possibility that these questions in respect of the past will no longer be finally settled.

Following the changes introduced by the GlüStV 2012, many German authorities are probably now taking the standpoint again that the monopoly regulations are (or have become) compliant with EU law now. Despite the initial critical tendencies of jurisdiction, it is unclear how the courts will rule in these cases. Our reservations in this matter continue (see above). In summary, it cannot be excluded that the ongoing legal uncertainties arising from regulatory developments in Germany will lead to temporary or sustained restrictions for the existing or future business fields of Tipp24. This may have a significant negative impact on the financial position and performance of Tipp24.

Bookmaking risks of MyLotto24 Limited

Statistical risks of winnings payouts

MyLotto24 Limited bears the bookmaking risks for secondary lotteries based on various European lotteries, whereby the payout ratios are based on those offered by the organisers of the primary lotteries. Due to statistical fluctuation, these ratios may be greater than the payout ratios determined by the gaming systems of the primary lotteries – for example, around 50% in the case of the German Lotto. They may even be temporarily greater than the stakes received by MyLotto24 Limited – as was the case in September 2009. Insofar as they are not covered by existing effective hedging arrangements, such statistical payout fluctuations may have a significant negative effect on the financial position and performance of MyLotto24 Limited, which through consolidation would also represent a burden for Tipp24 as a whole. In 2011, MyLotto24 Limited structured a so-called

catastrophe bond (CAT bond) via an Insurance-Linked-Security (ILS) vehicle to partially transfer its jackpot payment risks to the capital market. That structure was recently amended and renewed. MyLotto24 Limited informs Tipp24 SE immediately about individual payouts of at least €5 million. Tipp24 SE currently has a communication guideline which requires the publication of such notifications. It is generally assumed that these announcements to the capital market are included in the company's ad hoc disclosure obligations. However, such notifications are checked in advance on a case-by-case basis.

Risks from the assertion of claims from hedging transactions

It cannot be fully excluded that insurers fail to fulfil their payment obligations in future and that such claims have to be enforced in the financial position and performance of MyLotto24 Limited, and thus on Tipp24 by means of consolidation, if the corresponding claim has been recognised at all in the balance sheet – for example as a result of an initial payment pledge.

Tax risks

As the result of a tax audit, there was a dispute with the relevant tax authority regarding the validity of tax assessments for two items in the inspection period (business years 2005 to 2007 inclusive). The relevant tax authority issued a tax assessment and respective payment demand amounting to €3.6 million (including interest). Tipp24 SE appealed against the assessment and only accepted and paid additional demands totalling €0.2 million. An application for suspension of execution was filed with the tax authorities for the remaining payment demand. This application was granted. On 27 December 2013, while one of the items was concluded in Tipp24 SE's favour the relevant tax office rejected the objection regarding the other item. Tipp24 SE has taken legal action against this finding. Although we have grounds to believe that the item queried by the tax authority is correctly assessed in accordance with the relevant regulations, the possibility cannot be excluded that the relevant tax office may continue to challenge this different view – also via the financial courts – and may prevail. As a result, there is a remaining tax risk of up to €3.0 million, plus the corresponding time-related interest on arrears (6% p.a.) which might have a correspondingly negative effect on the financial position and performance of Tipp24 and has been recognised as a contingent liability.

VAT risk

As a result of amendments to the German VAT Act (UStG) which implement amendments to the EU Directive on the common system of value added tax (EU VAT Directive) that will take effect from 1 January 2015, there is a potential risk that MyLotto24 Limited and/or its minority shareholding Tipp24 Services Limited may be subjected to German value added tax (VAT) if and to the extent to which the services of Tipp24.com are accessed by German customers.

In essence, the new tax regulation provides that the place of supply for "electronically supplied services" to non-entrepreneurs in cross-border service situations shall be the place of residence of the customer. MyLotto24 Limited and Tipp24 Services Limited have sought tax advice on their potential liability to pay VAT in Germany from a renowned expert on German and European tax law, on which basis they expect neither of them to become liable to pay VAT in Germany on their respective revenues generated by the services provided via the website Tipp24.com to customers resident in Germany, except for the specific VAT liability of Tipp24 Services Limited for their own service fee charged to the customer. The latter, however, will replace the existing VAT liability for this service in the UK, effectively reducing the tax rate by 1 %-point (from currently 20% in the UK to 19% in Germany). We agree with this assessment.

It is possible, however, that the competent German fiscal authorities will hold a different opinion, which would require MyLotto24 Limited and/or Tipp24 Services Limited to engage in legal disputes on their VAT liability.

Should the competent courts rule that the revenues generated by the services provided via the website Tipp24.com to customers resident in Germany are subject to VAT in their entirety, such VAT liability could substantially lower the consolidated results, which would have a significant negative impact on the financial position and performance of Tipp24.

Similar risks could arise with respect to revenues generated from customers resident in other EU member states. The effect of such risks materialising, however, would be significantly smaller.

Risks from cash and financial investments

At the end of the reporting period, Tipp24 held cash and financial assets totalling €103,144k, held in accounts with various major European banks and subject to the risks described in the Annual Report 2013 of Tipp24 SE on p. 32 et seq..

GOING CONCERN

The directors have applied the going concern principle in the preparation of these reviewed interim condensed financial statements due to the company's healthy liquidity position, the risk management and hedging procedures in place and the profitable and cash-generating business forecast for 2014 and beyond.

DIRECTORS OF THE COMPANY

The directors who held office during the period were:

- Dr. Hans Cornehl
- Dr. Helmut Becker
- Andreas Keil

RESPONSIBILITY STATEMENT

To best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of Tipp24, and the interim management report of Tipp24 includes a fair view of the development and performance of the business and the position of the company, as well as a fair view of information on material transactions with related parties and changes since the last annual report together with a description of the principal risks and uncertainties associated with the expected development of Tipp24 for the remaining months of the business year.

London, 12 November 2014

The Executive Board

Dr. Hans Cornehl Dr. Helmut Becker

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	Notes	Q.I-III 2014	Q.I-III 2013	Q.III 2014	Q.III 2013
in €k					
Revenues	1	105,414	104,371	37,221	27,947
Other operating income		4,647	4,297	2,528	2,287
Total operating performance		110,060	108,668	39,749	30,234
Personnel expenses	2	-15,360	-8,108	-6,309	-2,508
Amortisation/depreciation on intangible assets and property, plant and equipment		-5,786	-5,469	-1,853	-1,815
Other operating expenses	3	-77,780	-68,900	-26,446	-21,161
Marketing expenses		-8,530	-4,189	-2,268	-1,474
Direct costs of operations		-40,823	-39,478	-12,647	-10,906
Other costs of operations		-28,427	-25,232	-11,531	-8,781
Result from operating activities (EBIT)		11,134	26,191	5,141	4,750
Income from financial activities		326	475	24	89
Expenses from financial activities		-198	-244	-15	-89
Share of result from associated companies		-2,112	-478	-1,348	-114
Share of result from joint ventures		-2,329	0	-1,210	0
Financial result		-4,312	-247	-2,549	-114
Result from ordinary activities		6,821	25,944	2,591	4,636
Income taxes	5	-5,774	-7,550	-3,004	-1,641
Profit from continued operations		1,048	18,394	-413	2,994
Profit after tax from discontinued operations	8	67	-2	-2	-0
Consolidated net profit¹⁾		1,115	18,392	-415	2,994
Earnings per share (basic and diluted, in €/share)		0.13	2.24	0.05	0.36
Earnings per share from continued operations (basic and diluted, in €/share)		0.12	2.24	0.05	0.36
Weighted average of ordinary shares outstanding (basic and diluted, in shares)		8,385,088	8,229,532	8,385,088	8,385,088

¹⁾ The consolidated net profit is attributable to the owners of Tipp24 SE, London, UK.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER

Notes	Q.I-III 2014	Q.I-III 2013	Q.III 2014	Q.III 2013
in €k				
Net profit/loss for the period	1,115	18,392	-415	2,994
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Loss on available-for-sale financial assets (AFS)	-637	-494	-185	-172
Income tax effect	162	0	39	0
Other comprehensive income, net of tax	-475	-494	-146	-172
Total comprehensive income for the period, net of tax	640	17,898	-561	2,822

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT

	Notes	30/09/2014	31/12/2013
ASSETS in €k			
Cash and pledged cash		88,925	85,822
Short-term financial assets		14,219	70,307
Trade receivables		900	259
Receivables from joint ventures		195	190
Income tax refund claims		31	24
Other current assets and prepaid expenses		5,602	12,386
Total current assets		109,872	168,988
Intangible assets		8,859	12,905
Other equipment, furniture & fixtures and leased assets		3,092	2,143
Financial assets		0	4,511
Shares in associated companies	9	15,426	17,538
Shares in joint ventures	10	9,164	5,069
Other assets and prepaid expenses		33	435
Deferred tax assets		3,076	1,992
Total non-current assets		39,649	44,593
ASSETS		149,521	213,581

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT

	Notes	30/09/2014	31/12/2013
EQUITY & LIABILITIES in €k			
Trade payables		6,693	9,812
Other liabilities		18,485	17,971
Financial liabilities		80	108
Deferred incomes		3,034	3,783
Income tax liabilities		3,274	3,607
Short-term liabilities		3,063	1,540
Total current liabilities		34,628	36,821
Deferred tax liabilities		1,358	1,204
Total non-current liabilities		1,358	1,204
Subscribed capital		8,385	8,385
Capital reserves		22,741	22,741
Other reserves		-320	-209
Retained earnings		82,729	144,639
Total equity		113,535	175,556
EQUITY & LIABILITIES		149,521	213,581

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	Q.I-III 2014	Q.I-III 2013
in €k		
Profit from continued operations before tax	6,821	25,944
Profit from discontinued operations before tax	67	-2
Result before tax	6,889	25,942
Adjustments for		
Amortisation/depreciation on non-current assets	5,787	5,469
Result from disposal of non-current assets	-90	58
Result from foreign exchange transactions	936	507
Revenues from financial activities	-156	-475
Expenses from financial activities	-198	244
Deconsolidation of Giochi24 S.r.l.	0	-4
Share of result from associated companies	2,112	478
Share of result from joint ventures	2,329	0
Other non-cash changes	-1,326	232
Changes in		
Trade receivables	-641	-54
Other assets and prepaid expenses	6,816	-2,675
Financial assets	0	2,167
Non-current other assets or prepaid expenses	402	-224
Trade payables	-3,252	-1,663
Other liabilities	647	-2,852
Financial liabilities	-28	-11
Short-term provisions	1,522	-661
Deferred income	-749	-40
Interests received	156	475
Interests paid	-198	-262
Taxes paid	-7,451	-8,560
Cash flow from operating activities	13,502	18,090
Changes (net) on financial investments (short-term)	56,088	-28,033
Changes (net) on financial investments (long-term)	4,511	0
Payments to acquire investments	-6,424	0
Payments for investments in intangible assets	-544	-734
Payments for investments in property, plant and equipment	-2,131	-564
Proceeds from the sale of property, plant and equipment	0	3
Acquisition of businesses	-925	0
Cash flow from investing activities	50,575	-29,328

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	Q.I-III 2014	Q.I-III 2013
in €k		
Purchase of own shares	0	16,000
Disposal of own shares	0	-663
Dividends paid	-62,888	0
Cash flow from financing activities	-62,888	15,337
Changes in cash and pledged cash	1,189	4,099
Cash at the beginning of the period (except pledged cash)	85,465	77,946
Changes due to consolidation	0	-582
Cash at the end of the period (except pledged cash)	86,654	81,463
Composition of cash at the end of the period		
Cash and pledged cash	88,925	81,820
Pledged cash	-357	-357
Thereof increase in scope of consolidation	-1,914	0
	86,654	81,463

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013 AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

in €k	Subscribed capital	Capital reserves	Other reserves	Retained earnings	Total equity
As at 1 January 2013	7,985	7,805	134	134,451	150,375
Contribution to other provisions	0	0	0	0	0
Dividend	0	0	0	0	0
Capital increase	400	15,600	0	0	16,000
Transaction costs for capital increase	0	-663	0	0	-663
Adjustments of balance sheet loss	0	0	0	0	0
Withdrawal from capital reserves	0	0	0	0	0
Share-based payments	0	0	0	0	0
Other results	0	0	-343	0	-343
Net profit 2013	0	0	0	10,188	10,188
Total net profit 2013	0	0	-343	10,188	9,845
As at 31 December 2013	8,385	22,741	-209	144,639	175,556
As at 1 January 2014	8,385	22,741	-209	144,639	175,556
Contribution to other provisions	0	0	0	0	0
Dividend	0	0	0	-62,888	-62,888
Capital increase	0	0	0	0	0
Transaction costs for capital increase	0	0	0	0	0
Adjustments of balance sheet loss	0	0	0	0	0
Withdrawal from capital reserves	0	0	0	0	0
Share-based payments	0	0	0	0	0
Other results	0	0	-111	-137	-248
Net profit 2014	0	0	0	1,115	1,115
Total net profit 2014	0	0	-111	978	867
As at 30 September 2014	8,385	22,741	-320	82,729	113,535

SEGMENT REPORTING

For the purposes of corporate control, Tipp24 is organised in business units with the following two segments, which differ in terms of the control exercised:

The "Germany" segment comprises all activities which are controlled by Tipp24 SE. This includes activities in both Germany and the UK. The "Abroad" segment mainly comprises activities in the UK, as well as in Spain and Italy, which are controlled by the minority shareholdings.

No segments were pooled together to form the above business segments. The development of each segment is evaluated on the basis of revenue and EBIT. The Group-wide financial management system (including financial expenses and income) and income taxes are controlled separately according to the segments "Germany" and "Abroad" and allocated to the individual business segments. Transfer prices between segments were calculated at standard conditions on an arm's-length basis.

Q.III in €k	Germany		Abroad		Consolidation		Consolidated	
	01/07-30/09		01/07-30/09		01/07-30/09		01/07-30/09	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	96	98	37,126	27,848	8	0	37,221	27,947
Depreciation/amortisation	-16	-148	-1,242	-6,088	-596	-596	-1,853	-1,815
EBIT	-4,930	-2,074	10,199	7,403	-129	-581	5,141	4,750
Financial result	-2,748	-438	195	117	4	211	-2,549	-111
Income tax	214	0	-3,268	-1,775	49	133	-3,003	-1,642
Profit from continued operations	-7,463	-2,512	7,126	5,745	-77	-230	-412	2,994
Assets	65,635	58,279	135,702	128,403	-69,141	-51,961	132,195	134,720
Debts	67,512	59,802	151,973	213,468	-74,596	-62,315	144,889	210,956

Q.I-III in €k	Germany		Abroad		Consolidation		Consolidated	
	01/01-30/09		01/01-30/09		01/01-30/09		01/01-30/09	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	288	291	105,130	104,080	5	0	105,414	104,371
Depreciation/amortisation	-57	-88	-3,942	-3,595	-1,787	-1,787	-5,786	-5,469
EBIT	-11,616	-5,910	23,510	34,024	-760	-1,924	11,134	26,191
Financial result	75,081	-1,206	619	547	-80,013	416	-4,312	-244
Income tax	135	-14	-6,090	-7,978	182	442	-5,774	-7,550
Profit from continued operations	63,600	-7,130	18,039	26,593	-80,592	-1,069	1,047	18,394
Assets	65,635	58,279	135,702	128,403	-69,141	-51,961	132,195	134,720
Debts	67,512	59,802	151,973	213,468	-74,596	-62,315	144,889	210,956

SELECTED EXPLANATORY NOTES

GENERAL

The interim condensed consolidated financial statements of Tipp24 SE and its subsidiaries (collectively, Tipp24) for the nine months ended 30 September 2014 were authorised for issue in accordance with a resolution of the directors on 12 November 2014.

Tipp24 SE (the company) is incorporated and domiciled in London, UK, and its shares are publicly traded (registered in England and Wales No. SE000078).

Tipp24 SE successfully relocated its registered office in London, UK, on entry in the commercial register of the UK's Companies House on 7 February 2014.

On 10 February 2014, the registered shares of Tipp24 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 TPP024.

The interim condensed consolidated financial statements for the nine months ended 30 September 2014 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 periods ended 30 September 2014 are not necessarily indicative of future results.

The reporting period is 1 January to 30 September 2014.

The same accounting policies and calculation methods were used for this interim condensed consolidated financial statement as for the consolidated financial statement as at 31 December 2013.

On 2 October 2014, Tipp24 SE acquired 100% of ZEAL Network Limited, an unlisted company based in London. On 20 October 2014, Tipp24 (UK) Limited was renamed as Lottovate Limited.

On 1 October 2014 MyLotto24 Limited sold its 100% subsidiaries Ventura24 S.L., Madrid, Spain, Ventura24 Games S.A., Madrid, Spain, LottoNetwork Limited, London, UK, and GSG Lottery Systems GmbH, Hamburg, Germany, to Tipp24 SE by way of distribution of property dividends.

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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

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

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it

clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Group.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 has no impact on the Group, since the Group is an existing IFRS preparer.

1 REVENUES

Compared with the first nine months of 2013, revenues increased by €1,043k to €105,414k. As of 30 September 2014, the actual price payout ratio was 7.0 %-points (prior year: 6.2 %-points) below the expectation value.

For the organisation of secondary lotteries, reference is made to the organisation of lottery gaming systems which have a fixed ratio of payouts to stakes – this is known as the payout ratio. In the lottery gaming systems organised by the operators of those reference games of relevance to Tipp24, there is a fixed underlying payout ratio of 50% in the gaming system for ongoing lottery draws. This also corresponds to the expected payout ratio for the organisation of secondary lotteries. There may

be deviations from this expected value during the actual draws of secondary lotteries which are chance effects and thus represent statistical fluctuations of the ratio of payouts to stakes. A payout ratio above the expected value results in revenues below the expected revenue figure, while a lower payout ratio increases actual revenues in comparison to the expected figure.

In order to aid comprehension of the interim condensed consolidated financial statements and earnings, the following table presents the reconciliation of actual revenues with revenues adjusted for chance effects and the effect of deviations between actual winnings payouts and the expected value.

Revenues

in €k	Q.I-III 2014		Q.I-III 2013		Deviation absolute
Revenues	105,414	100.0%	104,371	100.0%	1,043
+/- Deviation between actual winnings payouts and expected value	-7,433	-7.0%	-6,442	-6.2%	-991
Revenues adjusted for chance effects	97,981	93.0%	97,929	93.8%	52

2 PERSONNEL EXPENSES

In the first nine months of 2014, personnel expenses were 89.4% up on Q.III 2013 at €15,360k (Q.III 2013: €8,108k). The year-on-year increase in personnel expenses resulted mainly from (i) a cost shift from other

operating expenses due to the incorporation of a former technical service provider (€4,981k), (ii) organic headcount growth (€1,780k) and (iii) additional members of the Executive Board (€491k).

3 OTHER OPERATING EXPENSES

Other costs of operation rose by 12.7% to €28,427k (Q.III 2013: €25,232k) despite a shift of €4,981k from this position to personnel expenses. Cost savings relating to third parties had a positive effect. The difference in

non-recurring items – mainly costs for the planned renewal of the hedging structure and non-deductible VAT of Tipp24 SE – accounts mainly for the rest of the increase.

4 TAXES

On conclusion of the tax audit for the period 2005-2007, there is currently a dispute with the relevant tax authority regarding the validity of tax assessments for various items. 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 €3,000k, which might have a correspondingly negative effect on the earnings, financial position and net assets of Tipp24 SE.

5 INCOME TAX

The tax calculation of Tipp24 is based on a tax ratio which suitably reflects the tax expense.

in €k	Q.I-III 2014	Q.I-III 2013
Current income tax expense	6,772	8,088
Current deferred tax expense/income	-998	-538
Total income tax	5,774	7,550

6 DIVIDENDS PAID

On 27 February 2014, the Executive Board of Tipp24 SE announced that it would distribute a one-off special dividend in the form of an interim dividend amounting to €7.50 per share.

On 30 April 2014, an interim dividend was paid amounting to €7.50 per share, or €62,888,160 in total.

7 BUSINESS COMBINATIONS

On 10 April 2014, Smartgames Technologies Limited, based in London, acquired 100% of eSailor's Limited, an unlisted company based in London. The Group acquired eSailor's Limited in order to improve the technical know-how of the Group. The acquisition has been accounted for

using the acquisition method. The interim condensed consolidated financial statements include the results of eSailor's GmbH and Limited for the six-month period from the acquisition date.

The provisional fair values of the identifiable assets and liabilities of eSailor's Limited at the date of acquisition were:

in €k	Fair value recognised on acquisition
Property, plant and equipment	–
Intangible assets	–
Other assets	4,776
Financial debt	–
Other liabilities	-3,785
Fair value of net assets acquired	990
Fair value of consideration transferred	990
Cash and cash equivalents acquired	1,916
Consideration payable	-990
Cash outflow on acquisition	925

From the date of acquisition, eSailor's has contributed €1,123k of revenues and €131k of net profit before tax from continuing operations of Tipp24. If the acquisition had taken place at the beginning of the year, revenues from continuing operations would have been €1,789k and the profit from continuing operations for the period would have been €540k.

Transaction costs of €5,000 have been expensed and are included in administrative expenses in the statement of profit and loss and are part of operating cash flows in the statement of cash flows.

8 DISCONTINUED OPERATIONS

As of 30 September 2014, Tipp24 Deutschland GmbH was classified as a discontinued operation. Its result can be broken down as follows:

in €k	Q.I-III 2014	Q.I-III 2013
Revenues	0	3
Expenses	-33	-5
Other operating income	100	0
Profit before tax from discontinued operations	67	-2
Income taxes	0	0
Profit after tax from discontinued operations	67	-2
Earnings per share from discontinued activities (basic and diluted, in €/share)	0.00	0.00

9 SHARES IN ASSOCIATED COMPANIES

Tipp24 holds a shareholding of 21.85% in Geonomics Global Games Limited, London, UK.

in €k	30/09/2014	31/12/2013
Shares in the assets and liabilities of the associated company		
Short-term assets	1,039	2,504
Long-term assets	2,397	1,418
Short-term liabilities	138	211
Long-term liabilities	0	0
Equity	3,298	3,711

in €k	Q.I-III 2014	Q.I-III 2013
Share in profit or loss of the associated company		
Revenue	270	56
Annual net loss	-965	-309
Other comprehensive income	0	0
Total comprehensive income	-965	-309

in €k	30/09/2014	31/12/2013
Net assets of the associated company	13,905	14,439
<i>Group's shareholding</i>	25.70%	25.70%
Group's share in result	-965	-587
Write-downs on undisclosed reserves (net)	-1,147	-270
Carrying value of the Group's shareholding in Geonomics Global Games Limited	15,426	17,538

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

10 SHARES IN JOINT VENTURES

Tipp24 holds a shareholding of 50% in Geo24 UK Limited, London, UK.

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

in €k	30/09/2014	31/12/2013
Shares in the assets and liabilities of the joint venture		
Short-term assets	4,461	2,145
Long-term assets	1,715	12
Short-term liabilities	1,262	1,315
Long-term liabilities	0	0
Equity	4,913	842

in €k	Q.I-III 2014	Q.I-III 2013
Share in profit or loss of the joint venture		
Revenue	11	0
Annual net loss	-2,329	0
Other comprehensive income	0	0
Total comprehensive income	-2,329	0

in €k	30/09/2014	31/12/2013
Net assets of the joint venture	9,826	1,685
<i>Group's shareholding</i>	<i>50.00%</i>	<i>50.00%</i>
Group's share in result	-2,329	-114
Carrying value of the Group's shareholding in Geo24 UK Limited	9,164	5,069

11 OBJECTIVES AND METHODS OF CAPITAL MANAGEMENT

Tipp24 operates a decentralised capital management system. All key decisions concerning the financial structure of the "Germany" segment are taken by the Executive Board of Tipp24. 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 Tipp24 is exposed to, are presented in the current risk report.

12 INTEREST RATE RISK

Tipp24 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. A sensitivity analysis was conducted for the portfolio of cash and short-term financial assets held on 30 September 2014 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 €287k (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 €6k. The overall effect, therefore, would be an increase in interest income of €281k.

13 CURRENCY RISK

Tipp24 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, a part of financial assets is denominated in British pounds and thus exposed to a currency risk.

In order to determine the currency risk, a fluctuation of the euro to British pound exchange rate of 10% was assumed as of 30 September 2014. On the basis of this assumption, a revaluation of the British pound against the euro of 10% to 0.85503 GBP/EUR would result in an effect of €-3,794k on earnings. A devaluation of the British pound against the euro of 10% to 0.69957 GBP/EUR would result in an effect of €4,183k on earnings.

14 SUBSEQUENT EVENTS

On 1 October 2014 MyLotto24 has sold its 100% subsidiaries Ventura24 S.L., Madrid, Spain, Ventura24 Games S.A., Madrid, Spain, LottoNetwork Limited, London, UK, and GSG Lottery Systems GmbH, Hamburg, Germany, to Tipp24 SE by way of distribution of property dividends.

Tipp24 has proposed to its shareholders to rename Tipp24 SE to ZEAL Network SE. On 2 October 2014, Tipp24 SE acquired 100% of ZEAL Network Limited, an unlisted company based in London, a step which was necessary to reserve the envisaged future name of the corporation in the trade register.

Furthermore, Tipp24 has rebranded its activities in the field of business to business services to licensed lottery operators to reflect the wider strategic focus of the company which has expanded beyond the secondary lottery business of Tipp24 to Lottovate.

As a result of changes to be implemented by the UK fiscal authorities regarding the basis for the assessment of remote gaming duty, MyLotto24 Limited, a fully consolidated minority shareholding of Tipp24 SE, will cease to be liable for the payment of such duty on its gross gambling yield derived from business outside of the UK as of 1 December 2014.

15 RELATED PARTIES

The members of Tipp24 SE's Executive Board and Supervisory Board are regarded as related parties in accordance with IAS 24, Oliver Jaster and Thorsten Hehl are members of the Supervisory Board. The operating business of Schumann e. K. was outsourced to a related company of Oliver Jaster and Thorsten Hehl, Günther Direct Services GmbH, in return, Günther Direct Services GmbH received compensation of €101.3k in the period under review.

Jens Schumann is a member of the Supervisory Board of Tipp24 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 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 Tipp24 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 Tipp24 SE. Tipp24 SE provides Schumann e. K. with services in the field of accounting, book-keeping, 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 Tipp24 SE, Tipp24 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 fulfilment of this indemnification may not cause Tipp24 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.

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