

Press release

Tipp24 re-launches online brokerage of state lotteries

New brand: Lotto24

(Hamburg, 22 February 2012) Tipp24, Germany's leading online lottery broker until the end of 2008, is re-launching its activities on the German market. With immediate effect, German lottery players can once again conveniently submit their tickets at any time of day via the new Lotto24.de website.

The re-launch in Germany was made possible by new gaming legislation in the federal state of Schleswig-Holstein. Following the failure of the German State Treaty on Games of Chance in 2011, the ruling coalition in Schleswig-Holstein passed its own gaming legislation which once again allows the online brokerage of state-run lotteries. Operations will be managed by Tipp24 Deutschland GmbH, a wholly-owned subsidiary of Tipp24 SE. It will be brokering tickets for its partner, NordwestLotto, the state lottery company in Schleswig-Holstein.

Dr. Hans Cornehl, CEO of Tipp24 SE, states: "Schleswig-Holstein has re-opened the market for online brokerage. The other federal states must now demonstrate that they can grant brokers of state-run lotteries equally non-discriminatory market access in line with EU law."

Following a long legal battle, Tipp24 is also launching its new Lotto24 brand. As Petra von Strombeck, Chief Marketing Officer of Tipp24 SE, explains: "With the new Lotto24 brand, customers will directly associate our offering with lotteries. Tipp24 was a strong brand; Lotto24 will soon be an even stronger brand in Germany."

Lotto24 currently targets customers domiciled or habitually resident in Schleswig Holstein. This must also be confirmed by the customer. Following an extensive legal examination, however, the company assumes that now Schleswig-Holstein has opened the market for online brokers, the bans in Germany's other states are no longer applicable under EU law and participation is therefore allowed throughout Germany. New national legislation regarding online lottery brokerage is expected to be passed in summer this year.

Political background: Schleswig-Holstein's state premier Carstensen already expressed considerable reservations about the Draft State Treaty on Games of Chance in 2006 – and has now been vindicated. The German gaming legislation introduced in 2008 was rejected by the European Court of Justice in 2010 and has so far led to lost revenues of around EUR 14 billion (approx. -30%) for the German state. After the majority of German states declared that they wanted to make only minor amendments to the State Treaty, the ruling parties in Schleswig-Holstein, the CDU and FDP, decided to draft their own more liberal legislation. Following a positive examination by the European Commission, the new state law was ratified by Schleswig-Holstein's parliament in Kiel in September 2011.

The other 15 state premiers, however, could only agree on a Draft State Treaty in late 2011. Prerequisite for ratification of the treaty by the various state parliaments, however, is a "final positive opinion" from Brussels – something which is still missing. In summer, the European Commission had heavily criticized the draft presented by the 15 states. According to the draft, brokers of state-run lotteries would need to get 32 permits in 15 states, without there being any clear criteria or legal claim to such permits. Germany's federal states are therefore once again clearly contravening the jurisdiction of the European Court of Justice and the demands of the European Commission.

About Tipp24 SE: Tipp24 SE (formerly Tipp24 AG) was founded in September 1999 and holds equity interests in a number of companies in Spain, Italy and the UK, which enable participation in lottery-based games via the Internet, especially via the websites www.ventura24.es, www.giochi24.it, www.mylotto24.co.uk and www.tipp24.com. In Germany, Tipp24 Entertainment GmbH operates the games platform www.tipp24games.de. From its foundation to the end of 2008, Tipp24 SE brokered tickets worth over 1.5 billion euros to the state lottery companies – in recent years over 330 million euros annually. Following its successful IPO in 2005 (Prime Standard), the company was admitted to the SDAX index in June 2009 and has been trading as a European public limited company since December 2009.

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