

Press release

Tipp24 plans to spin off German business and form independent listed company Lotto24 AG

Lotto24 shares to be distributed to shareholders as dividend in kind

(Hamburg, 20 April 2012) Tipp24 SE intends to spin off its German lottery brokerage business launched in February 2012 under the Lotto24 brand from the Tipp24 Group and to transfer it to a public limited company to be listed in the Prime Standard segment of the Frankfurt Stock Exchange. The Executive Board and Supervisory Board will therefore propose to the Annual General Meeting of Tipp24 SE to distribute shares in the future Lotto24 AG (formerly Tipp24 Deutschland GmbH) to all shareholders in a 1-to-1 ratio as a dividend in kind. Each shareholder of Tipp24 SE would therefore additionally receive a Lotto24 share for each Tipp24 share held by it.

After the planned spin-off of its German operations, Tipp24 SE will focus on the expansion of its foreign business. In particular, Tipp24 SE intends to establish a new international business division with Internet services for lottery companies.

Lotto24 AG will focus on brokering state lotteries in Germany. Launched in February on www.lotto24.de, the new service only targets customers in Schleswig-Holstein and Saxony-Anhalt at present. In Schleswig-Holstein, new gaming legislation was passed in 2011 which now permits the online brokerage of state lotteries. In Saxony-Anhalt, Tipp24 SE had successfully fought in court for the legal right to broker lotteries online. Tipp24 SE believes that with the adoption of the Revised State Treaty on Games of Chance in July 2012, there will once again be a legal basis for the online brokerage of lotteries throughout Germany.

Lotto24 AG will have to apply for permits from the various regulatory authorities of the individual states in order to act as a broker in Germany. In this case, a continued legal connection between Lotto24 AG and Tipp24 SE or its fully consolidated minority holdings may jeopardize permit application processes. In order to enable the resumption of business in Germany without such legal disputes, Tipp24 SE plans spinning off its German activities into an independent listed company.

Dr. Hans Cornehl, CEO of Tipp24 SE, states: "Tipp24 has been involved in legal disputes about the resumption of its online lottery brokerage business in Germany for four years now. Although we have achieved some clear victories, we believe that a complete legal separation is the best option to provide Lotto24 AG with a starting position in the German market which is not burdened by legal disputes."

The future Lotto24 AG will therefore be ideally positioned to benefit from the imminent liberalization of online lottery brokerage in Germany and to take advantage of the significant opportunities offered by this market. In the course of resuming online lottery brokerage in Schleswig-Holstein and Saxony-Anhalt, work has already begun on establishing Lotto24 as a strong and distinctive brand for the German business. Moreover, Tipp24 SE will provide the company with a multi-year licence for a powerful IT platform.

Petra von Strombeck, Executive Board member of Tipp24 SE in charge of marketing, states: "Following the ban of online lottery brokers as of 2009, the German lottery market shrank to a volume of around EUR 6.5 billion. With regard to per capita lottery spending and the previously banned online brokerage business, the German market has a great deal of catching up to do. We are therefore convinced that the forthcoming market liberalization and resumption of online lottery brokerage will open up considerable growth potential and offer sustainable benefits for Lotto24."

Planned transaction steps:

Tipp24 SE intends to transform its current subsidiary Tipp24 Deutschland GmbH into a public limited company and change its name to Lotto24 AG. To this end, Tipp24 SE will transfer assets required for the establishment of business to Lotto24 AG in the form of a contribution in kind.

In connection with the planned distribution of a dividend in kind and initial listing of Lotto24 AG shares, Lotto24 AG is also to receive sufficient funds to guarantee operations should there be delays to the further liberalization of the German market. In order to meet these liquidity needs, Lotto24 AG plans raising cash through a public offer of shares ("new shares") to all shareholders of Tipp24 SE.

According to current plans, the Annual General Meeting of Tipp24 SE on 22 June 2012 is to decide on the distribution of shares held by Tipp24 SE in Lotto24 AG ("old shares") as a dividend in kind. On the basis of a valuation report commissioned by the Executive Board of Tipp24 SE, an enterprise value of EUR 19.97 million has been determined for Lotto24 AG. Based on currently 7.985.088 dividend-bearing Tipp24 shares, this translates into a value of EUR 2.50 for the dividend in kind allocated to every Tipp24 share. Tipp24 SE does not intend to pay out a cash dividend for the fiscal year 2011. Details on the process and time schedule will be published with the invitation to the Annual General Meeting. An initial listing of the old and new shares in Lotto24 AG in the Prime Standard segment of the Frankfurt Stock Exchange is planned for early July 2012.

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 the latter 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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