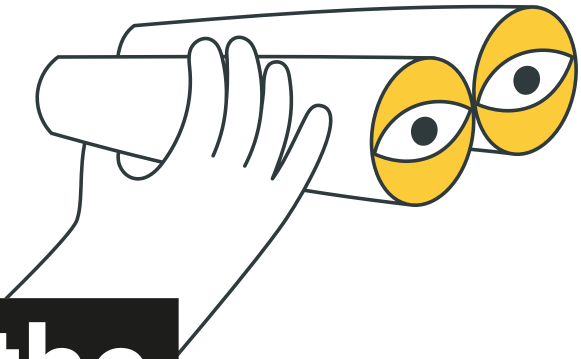
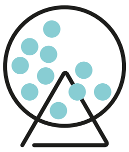


ANNUAL REPORT 2021

we define the future of lottery



#geimpftgewinnt

ZEAL

Weak jackpot environment –

twice as profitable

+118%

€27.7m
ADJUSTED EBITDA
(2020: €12.7m) +118%

€27.94
COST PER LEAD, CPL
GERMANY SEGMENT
(2020: €27.79) +1%

544k
NEW REGISTERED CUSTOMERS
GERMANY SEGMENT
(2020: 918k) -41%

€656.5m
BILLINGS
(2020: €652.8m) +1%

€246m
FOR GOOD CAUSES
(2020: €246m) +0%

€86.8m
REVENUE
(PLUS JACKPOT INSURANCE[1])
(2020: €87.0m) -0%

157
Ø EMPLOYEES

Other highlights

- Strong improvement in profitability
- Stable business volume despite weaker jackpot situation
- Delisting of LOTTO24 AG
- Highest jackpot payout in our history
- Investing for future growth

The definitions of the financial measurements disclosed above can be found in the Management System section on page 44 of this Annual Report.

[1] *Income from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery. This income is disclosed as other operating income while jackpot winnings impact revenue. Further details are provided in notes 4 and 5 to the Consolidated Financial Statements.*

ZEAL Network SE is the leading German online broker for state lottery and other permitted lottery products. Our aim is to innovate and drive change in the lottery sector while further expanding our online market leadership.

Our mission

To define the future of lottery! As a technology company, we want to define the future of lotteries by leveraging our e-commerce excellence, lottery expertise and knowledge of our customers' wishes, aims and gaming behaviour.

Our goal

We let people dream. We make a contribution to society. Our work enables people to dream big. And with every lottery ticket sold, we are helping society by supporting good causes via our charity lotteries or via our customers playing the state lotteries.

CONTENTS

Executive Review

2021 – important milestones achieved

LADIES AND GENTLEMEN,

despite the weak market environment, 2021 was another successful year for the ZEAL Group: although there were only a few attractive jackpots for our main lottery products in the fiscal year 2021, we succeeded in attracting further new customers to our brands and maintained billings at a stable level on the whole. Thanks to strict cost management and targeted marketing, we were able to significantly improve profitability. We reached important milestones for our ongoing business development: firstly, we successfully adapted our German internet portals to meet the legal and technical requirements of the new State Treaty on Games of Chance and are thus well prepared to expand our offerings into other gaming segments, such as virtual slot machines. Secondly, we launched 'Deutsche Traumhauslotterie' – our second charity lottery on the German market after 'freiheit+' – thus strengthening our position as the largest provider of online lotteries in Germany. All in all, we consider ourselves well equipped to successfully continue our growth in the future.

»We reached important milestones in 2021 and are now ideally placed for our ambitious growth plans.«

Dr Helmut Becker, CEO

STABLE BUSINESS VOLUME DESPITE FEWER JACKPOTS

Our fiscal year 2021 was dominated by the weak lottery environment in Germany. The jackpot of the European lottery 'Eurojackpot' only reached the €90 million mark three times (2020: six times). The mandatory payout mark for the German lottery 'LOTTO 6aus49' (€45 million since 23 September 2020) was not reached at all in 2021 – compared to three mandatory payouts in the previous year.

Despite this unfavourable development, we succeeded in keeping our business volume stable and gaining 544 thousand new registered customers (2020: 918 thousand). We have therefore laid a solid foundation for further growth once the jackpot situation improves. In 2021, billings rose slightly by 1% to €656.5 million[1] (2020: €652.8 million) – predominantly in the Germany segment. Revenue (plus reimbursements from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery included in other operating income) remained stable at €86.8 million (2020: €87.0 million[2]), whereby income from insurance accounted for a total of €3.5 million (prior year: €0 million). Moreover, €81.9 million of revenue was attributable to the Germany segment (2020: €80.0 million). At 12.2%[2], our gross margin remained stable at the prior-year level (2020: 12.3%).

COSTS GEARED FOR EFFICIENCY

Due to the weak jackpot situation, the possibilities to acquire a large number of new customers while maintaining a cost-effective level of advertising were restricted. Total marketing expenses of €22.4 million in the fiscal year 2021 were thus significantly lower than in the previous year (2020: €32.2 million), while cost per lead (CPL) was virtually unchanged. As soon as the jackpot environment improves, we will invest more in value-creating marketing measures once again.

We also succeeded in saving costs in other areas, resulting in a combined decrease of €18.0 million in personnel expenses and other operating expenses (including marketing) to €60.2 million in 2021 (2020: €78.2 million).

[1] For contractual reasons, the billings of our ONCE business in Spain are not included in this total.

[2] As the Spanish ONCE business is not included in billings but only in revenue, our margin trend is better reflected by the Germany segment than at Group level.

Jonas Mattsson, CFO; Dr Helmut Becker, CEO; Sönke Martens, COO; Paul Dingwitz, CTO

SIGNIFICANTLY IMPROVED PROFITABILITY

Although the weak market environment with fewer attractive jackpots than in 2021 made it more challenging to acquire new customers, this does not usually have a strongly negative impact on our billings and revenue due to the loyalty of our customers. As we also adapt our marketing spend to the prevailing jackpot trend, the lower expense resulted in increased profitability. At €27.7 million, adjusted EBITDA was thus significantly above the prior-year figure of €12.7 million. The Germany segment accounted for €26.5 million of this amount. There were no non-recurring expenses or income. At €19.0 million, our EBIT was also significantly higher than in the previous year (2020: €5.4 million) – as was net profit, which rose to €11.4 million (2020: €7.9 million) despite the €4.8 million decrease in the financial result and the €5.3 million increase in the tax burden.

DELISTING OF LOTTO24 AG

On 21 July 2021, we decided to make an offer to the shareholders of LOTTO24 AG to buy all shares in LOTTO24 AG not directly held by ZEAL Network SE against payment of €380.97 per LOTTO24 share. The reason for the purchase offer was to enable LOTTO24 AG to apply for a delisting of the LOTTO24 shares. The offer was open for acceptance from 16 August 2021 to 13 September 2021 and the offer was accepted for a total of 22,834 LOTTO24 shares (corresponding to 1.42% of the share capital). At the close of 13 September 2021, LOTTO24 shares ceased to be listed on the stock exchange. Following settlement of the offer on 23 September 2021, we now hold 1,527,520 LOTTO24 shares, corresponding to around 94.9% of LOTTO24 AG's share capital. As a result of the delisting, LOTTO24 AG will no longer be obliged to meet a number of statutory requirements, for example in the field of financial reporting, thus reducing the workload and the related costs.

> »2021 was a very profitable year. Targeted marketing and cost savings helped us significantly improve our EBITDA.«
>
> *Jonas Mattsson, CFO*

PARTNERSHIP WITH ONCE EXPANDED

In the fiscal year 2021, we expanded our partnership with ONCE, one of Europe's most important lottery operators. This involves providing marketing and strategic services for ONCE's digital channel and supporting the organisation with the technical implementation of various strategic projects. ONCE is more than just a lottery operator: its aim is to provide social support to blind and disabled people – a cause we fully support. We are delighted to have signed this new agreement, as it demonstrates the added value we offer ONCE and the trusting relationship we have built up over the last few years.

€246 MILLION GENERATED FOR GOOD CAUSES

Approximately 40%[1] of stakes for products of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock' – DLTB) are donated to good causes. In 2021, over €3.2 billion (2020: over €3.1 billion) was generated by lottery stakes in Germany and transferred in the form of taxes and duties to the beneficiaries and the respective state budgets in order to support good causes. This corresponds to over €8.8 million per day for good causes throughout Germany – money which is vital for the financing of numerous projects in the field of welfare, sport and culture, as well as landmark and environmental protection. In the case of charity lotteries, such as our 'freiheit+' and 'Deutsche Fernsehlotterie', at least 47% of stakes benefit good causes via taxes and duties.

In the fiscal year 2021, brokerage of stakes under the LOTTO24 and Tipp24 brands generated more than a quarter of a billion euros for important social and community projects.

95 BIG WINNERS, OF WHICH TEN MILLIONAIRES

Many of our LOTTO24 and Tipp24 customers were among the winners once again in 2021: with an overall pay-out of around €293 million, a total of 1.3 million customers were delighted to receive the news of their winnings. The 95 big winners with prizes of €100,000 or more include ten newly created millionaires and a further five big winners of our charity lottery 'freiheit+'. In September, we were particularly delighted to hand over the largest single prize in our history of €49.3 million to a 40-year-old customer in Bavaria.

DEVELOPMENT OF THE EUROJACKPOT

The products we have been brokering for many years now are also continuing to develop. In September 2021, for example, the German state lottery companies announced that as the operator of the European lottery 'Eurojackpot', they would introduce a second weekly draw on Tuesdays as of 25 March 2022. Moreover, the game formula and win probability will also change so that the maximum jackpot is raised from €90 million to €120 million. This will make the product 'Eurojackpot' significantly more attractive for our customers.

»In a weak jackpot environment, we were able to attract over half a million new customers to online lotto via LOTTO24 and Tipp24 in 2021, thus strengthening our position as the leading online provider of lotteries.«

Sönke Martens, COO

DIVIDEND POLICY CONFIRMED

At the Annual General Meeting on 30 June 2022, the Management Board and Supervisory Board will propose a dividend of €2.10 (2020: €0.90 per share), representing a total payout to shareholders of around €47.0 million (2020: €20.1 million). The dividend will consist of a basic dividend of €1.00 and a special dividend of €1.10. The payment of the special dividend is a further step towards optimising the Company's capital structure.

[1] *Source: German Association of State Lottery Companies (DLTB)*

OUTLOOK 2022

In our fiscal year 2022, we plan to maintain our position as the leading online provider of lottery products and to launch new products, including online games under the licence for virtual slot machine games we applied for. Depending on the general conditions – and an average jackpot development – we anticipate billings of at least €750 million for the Germany segment. Moreover, we expect revenue to be at least €105 million in fiscal year 2022. Adjusted EBITDA is expected to reach at least €30 million. Compared to the previous year, we plan to invest significantly more in the acquisition of new customers and expect marketing expenses of around €30 million.

> »Whether new state treaty on games of chance or corona pandemic – our organisation has once again proved that we can also handle the biggest challenges.«
>
> *Paul Dingwitz, CTO*

DEAR SHAREHOLDERS,

2021 was all about strategic preparation for future growth and targeted cost management. We reached important milestones and are now ideally placed to continue our successful business development in the years ahead. Thank you for supporting us on this journey!

Hamburg, 22 March 2022

The Management Board

Dr Helmut Becker Chief Executive Officer	Paul Dingwitz Chief Technology Officer	Sönke Martens Chief Operations Officer	Jonas Mattsson Chief Financial Officer

DR HELMUT BECKER

CEO

Dr Helmut Becker is CEO of ZEAL since 1 September 2015, after being Chief Marketing Officer (CMO) for more than two years. He has been a member of the Supervisory Board of ZEAL since mid 2011 and Chief Commercial Officer of XING AG since September 2009. In this capacity he was responsible for the Product, Marketing and Revenues divisions. Before taking up this position at XING AG, Helmut Becker was Senior Director Advertising and Internet Marketing of eBay Germany and Managing Director of eBay Advertising AG. Prior to these posts he was Managing Director of the eBay subsidiary Shopping.com Deutschland and Director Strategy and Corporate Development for eBay. He began his career as a consultant at McKinsey. Dr Helmut Becker studied physics at the University of Hamburg and the University of Cambridge, where he gained his PhD.

PAUL DINGWITZ

CTO

Paul Dingwitz is a member of the ZEAL Management Board since 5 June 2021, after being in charge for Technology Operations, Security and Engineering at ZEAL for more than five years. He has more than 20 years working in the technology sector and more than ten of those years holding executive leadership positions. Prior to joining ZEAL, he was Vice President of Technology for Rue La La in Boston as well as CTO of ONE Media Corp in Atlanta. He also held a senior engineering role at CNN where he helped develop and deploy the first online live video portal for the network. His background and expertise is diverse – across operations, security and engineering – all starting 1997 with Military service early in his career. He studied Technology Management at the American Military University (AMU/APU).

SÖNKE MARTENS

COO

Sönke Martens is a member of the ZEAL Management Board since 1 July 2021, having previously been part of the ZEAL Group for more than seven years. He has been active in the digital industry for over 15 years, including more than ten years in a management role. Before joining ZEAL, Sönke Martens founded the startup loftville, an online real estate marketplace. Before that, he held several business development roles at New Work SE (formerly XING AG), most recently as Director Corporate Development. After completing a banking apprenticeship at Hamburgische Landesbank and studying business administration at the Catholic University of Eichstätt-Ingolstadt and in Buenos Aires, the business graduate began his career as a consultant at Roland Berger Strategy Consultants.

JONAS MATTSSON

CFO

Jonas Mattsson has more than a decade of senior management experience with a particular focus on the telecommunications and technology sectors. Prior to joining ZEAL, he was CFO and Executive Vice President of the network communications company O3b Networks, where he had a key role in raising USD 1.3 billion for the company and in establishing a global organisation. Previously, he served as CFO of various entities of SES, a world-leading satellite operator. Before that, Jonas Mattsson worked within the management teams of different parts of Ericsson including an international assignment in Japan as well as in the start-up company Ericsson Microsoft Mobile Venture.

Supervisory Board Report

COOPERATION BETWEEN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

In the reporting period, the Supervisory Board of ZEAL Network SE performed its statutory duties, regularly advising the Management Board and continuously monitoring its actions.

In the past fiscal year, the Management Board regularly and swiftly informed the Supervisory Board about external economic conditions, its considerations regarding the Group's future strategic alignment, the Group's current position and development, significant business transactions, risk management and compliance issues. During and outside meetings, it provided the Supervisory Board with timely, comprehensive and regular reports on current business developments or issues of particular significance. The Supervisory Board was directly involved in all decisions of the Management Board of fundamental importance for the Group.

MEETINGS OF THE SUPERVISORY BOARD IN 2021

The Supervisory Board held a total of nine meetings in 2021, which were attended by all members. The Supervisory Board held the majority of meetings as video conferences in order to comply with the contact restrictions recommended throughout the year for COVID-19 prevention purposes.

Apart from the Supervisory Board meetings, the Chairman of the Supervisory Board was also regularly provided with detailed and up-to-date information by the Management Board about significant business transactions and discussed various aspects of business policy with the Management Board. Consequently, the Supervisory Board was promptly informed at all times.

MAIN TOPICS OF DISCUSSION

The meetings of the Supervisory Board focused on the following topics:

- The development of revenue and earnings, as well as the financial position of ZEAL.
- The discussion and consultation of corporate strategy.
- Corporate planning, including marketing, investment and personnel planning.
- The determination of regulatory targets and the corresponding strategic alignment.
- The development of the regulatory and economic environment in Germany with regard to games of chance and in particular lotteries.
- Discussion and consultation of all management measures subject to approval.
- The current risk exposure, as well as the risk management and compliance management systems.
- The continuous improvement of corporate governance and the adaptation to new statutory requirements.
- The appointment of the new Management Board members Paul Dingwitz and Sönke Martens.
- The discussion and consultation of the compensation system for the Management Board and Supervisory Board submitted to the Annual General Meeting on 1 June 2021.
- The determination of target attainment for the members of the Management Board for the fiscal year 2020 (short-term variable remuneration), as well as the setting of targets for the fiscal year 2021 (short-term variable remuneration) .

- The Annual and Consolidated Financial Statements of ZEAL Network SE and their audit.
- The Company's public purchase offer in connection with the delisting of Lotto24 AG.
- The evaluation of the Supervisory Board's efficiency.

COMMITTEES

The Supervisory Board has set up a Chairman's Committee, an Audit Committee, an Investment Committee and a Special Committee.

CHAIRMAN'S COMMITTEE

The Chairman's Committee held four meetings in 2021. Among other things, the Chairman's Committee dealt with the remuneration system to be submitted to the Annual General Meeting for approval as well as the content of the Management Board service agreements of the newly appointed Management Board members Paul Dingwitz and Sönke Martens.

AUDIT COMMITTEE

The Audit Committee held eight meetings in 2021, which were all attended by the Chief Financial Officer. Key matters dealt with by the Audit Committee during 2021 included the Risk Report, the proposal by the Management Board to the Annual General Meeting for the appointment of the Company's and the ZEAL Group's auditors for the fiscal year 2021 as well as the engagement of the auditor and the approval of the audit plan. The Committee also dealt with the Annual Financial Statements of the Company and the Consolidated Financial Statements as well as the Half-year Consolidated Financial Report and Quarterly Statements of the ZEAL Group. The Audit Committee additionally reviewed and monitored the effectiveness of the ZEAL Group's internal controls and risk management system. The Supervisory Board determined that at least one member of the Audit Committee has expertise in the field of accounting and at least one further member of the Audit Committee has expertise in the field of auditing and that all members have knowledge of the sector in which the Company operates.

INVESTMENT COMMITTEE

The Investment Committee held one meeting in 2021, at which existing investments and possible capital increases in start-up companies were discussed.

SPECIAL COMMITTEE

The Special Committee held one meeting in 2021, at which, in accordance with its responsibilities, a decision was made on the approval of the Company's vote with regard to the discharge of the Management Board at the Annual General Meeting of LOTTO24 AG.

CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The Management Board and Supervisory Board issued a Declaration of Conformity according to section 161 AktG, which is also printed in the Corporate Governance Statement on page 21.

EDUCATION AND TRAINING

The Supervisory Board members are responsible for the necessary training and further education measures to fulfil their duties, regarding such issues as corporate governance and changes in the legal framework, and are supported in this by the Company. New members of the Supervisory Board discuss current topics with the Management Board members responsible for that particular field and are thus able to gain an overview of the relevant topics of the Company.

AUDIT

The Annual Financial Statements for the fiscal year 2021 of ZEAL Network SE, as prepared by the Management Board in accordance with German GAAP (HGB), and the Consolidated Financial Statements of ZEAL Network SE and respective Management Report for the fiscal year 2021 prepared in accordance with International Financial Reporting Standards (IFRS), as applied in the EU, and the additional commercial law regulations pursuant to section 325 (2a) HGB, were audited by the independent auditors, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, who issued an unqualified audit certificate in each case. The Annual General Meeting on 1 June 2021 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as independent auditors for the Company and the ZEAL Group for the fiscal year 2021. Jan Brorhilker has signed the audit since the fiscal year 2020 and Carl-Heinz Klimmer (the audit partner responsible) since the fiscal year 2019.

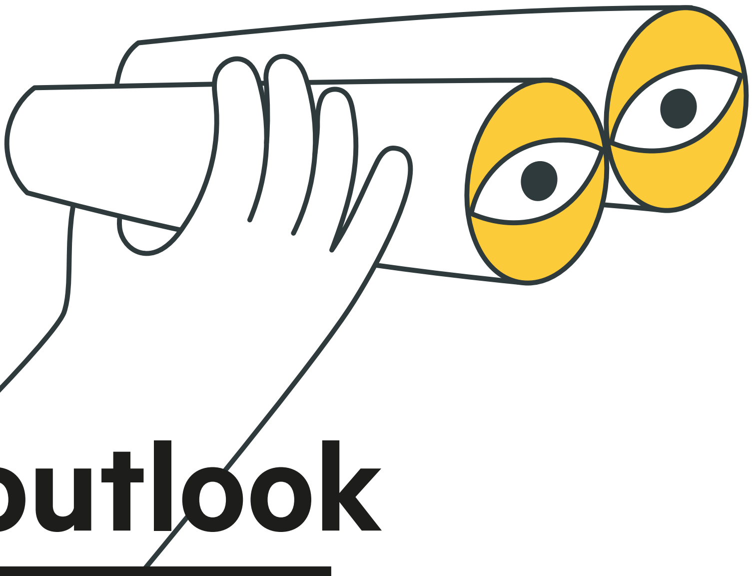
The Management Board and auditors provided all members of the Supervisory Board with the audit reports in due time. They were thoroughly examined and discussed at the meeting of the Audit Committee on 15 March 2022, which was also attended by the independent auditors. The Audit Committee also examined the separate non-financial report (Sustainability Report), which was not included in the audit of the financial statements however. At the Supervisory Board meeting on 22 March 2022, the Supervisory Board comprehensively reviewed the audit report in the presence of the independent auditors, who reported on the scope, focal points and main findings of their audit, addressing, in particular, key audit matters and the audit procedures implemented. No significant deficiencies in the Company's internal risk management system were reported, although weaknesses were identified in the internal control system. However, these weaknesses do not have a material impact on the overall effectiveness of the control environment. The weaknesses are being addressed and will be remedied promptly. At this meeting, the Management Board explained the Financial Statements and Consolidated Financial Statements of the Company as well as the Company's risk management system.

The Supervisory Board concurs with the results of the audit. Following the definitive findings of the Audit Committee's examination and our own examination, we have no objections. We approved the Annual Financial Statements and the Consolidated Financial Statements. The Annual Financial Statements are thereby adopted. We endorsed the Management Board's proposal that the net profit available for distribution be used to pay out a dividend of €2.10 per share entitled to a dividend and that the remaining amount be carried forward. The dividend will consist of a basic dividend of €1.00 and a special dividend of €1.10. The payment of the special dividend is a further step towards optimising the Company's capital structure.

We would also like to express our sincere gratitude to our employees and the members of the Management Board for the high level of commitment they displayed in the past fiscal year – a particularly challenging period in view of the restrictions introduced to combat the pandemic.

Hamburg, 22 March 2022

Peter Steiner
Chairman of the Supervisory Board



Strong outlook for the future

Solid business model – growing market

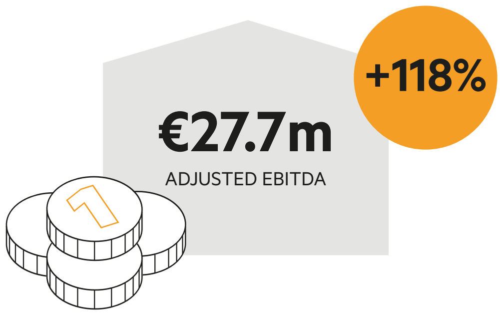
Millions of people play the lottery every day in Germany. The share of online players is growing from year to year. As the largest provider of online lotteries, the ZEAL Group is ideally positioned to meet this demand. People can play lotto around the clock via our national lottery portals – without the risk of losing their ticket or missing out on a possible win. We have one of the broadest product portfolios in the market, ranging from state lotteries to charity lotteries and instant lotteries. Our customers honour this service with many years of loyalty and high activity rates.

Increased profitability

Everyone is talking about data-driven marketing, we live it: due to the weak jackpot situation in 2021, we had to reduce our marketing spend. Instead of spending a lot of money ineffectively, we used every euro wisely and were able to win many new and, above all, good customers as a result. Our experience also shows that many customers are loyal to us over a longer period. We are naturally delighted about that. Overall, we were able to significantly increase our profitability last year by cutting costs – and not only in marketing. ZEAL continues to be one of the most agile and efficient e-commerce providers on the German market – and has been for more than 20 years.

New State Treaty on Games of Chance – new possibilities

The new State Treaty on Games of Chance in Germany which came into force in 2021 has removed numerous obstacles in our market in order to offer players further legal and safe game offerings as alternatives to the games offered on the black market. For example, the federal states have introduced permit models for organising online games (virtual slot machines) and online poker. With regard to player protection, enforcement possibilities were also considerably improved and individual mechanisms established for online games. ZEAL is planning to offer its own online games and is in the process of applying for a nationwide permit.



#geimpftgewinnt

Fantastic opportunities & doing good

The coronavirus pandemic is currently on everyone's mind in Germany. As citizens, ZEAL employees are also affected. In August 2021, ZEAL employees had the idea to support the German government's vaccination campaign by giving away free lottery tickets to all those who had been vaccinated in Germany. Under the motto '#geimpft-gewinnt' ('vaccinated wins'), vaccinated customers could play one of up to two million free lottery tickets. The tickets entitled them to participate in the charity lottery 'freiheit+' with a possible main prize of over €1 million.

'When the vaccination takeup in Germany began to drop, we asked ourselves what we could do to motivate people to get vaccinated,' explains Marianna Herno, Marketing Manager at LOTTO24. 'All our colleagues were immediately enthusiastic and helped us put the idea into practice. We're thrilled that by setting up #geimpftgewinnt, we've helped benefit society during the pandemic.'

>€1,000,000

MAIN PRIZE!

21x

THE CHANCE COMPARED TO LOTTO 6AUS49!

»We all want the same thing – no more lock-downs and a safe life with friends and families.«

Marianna Herno, Marketing Manager at LOTTO24

Always something new!

A huge success: 'freiheit+'

Our mission is to constantly reinvent the world of lottery – to do this, we work non-stop to develop new and innovative offerings. The charity lottery 'freiheit+' is one of the new and highly successful products we launched in 2020.

'freiheit+' is the first lottery permitted in Germany to focus specifically on promoting educational projects. Every week, players have the chance to win a combined main prize of €250,000 as an instant win as well as €5,000 per month for 15 years. From every ticket sold, 50 cents goes to non-profit educational projects.

'freiheit+' continued to grow in 2021 and has far exceeded the initial expectations of the charity which operates it. Since the lottery was launched, the Board of Trustees of BildungsChancen gGmbH has been able to award a total of €7.2 million to educational projects as of the end of 2021. Funding is provided for projects of the three initiators as well as for numerous projects of other non-profit organisations. In 2021, BildungsChancen gGmbH also provided funds to 10 organisations to relieve corona-related emergency situations.

€5.4m
FOR EDUCATION IN 2021

103
PROJECTS SUPPORTED

2
INTERNATIONAL PROJECTS

freiheit+
DAS PLUS FÜRS LEBEN

Doing good with lotteries

Dear Mr Rey, dear Mr Mauler, almost exactly two years ago we launched the charity lottery 'freiheit+' together. Do you still remember our first conversations?

Rey: Of course. Our first meeting took place in the Berlin offices of 'Stifterverband', and that initial sounding out quickly turned into a close partnership.

Before you chose ZEAL to run the technical side of the lottery, you'd already tried launching a lottery yourselves. What exactly were the reasons why that lottery failed?

Mauler: Our background is not in lotteries, so we totally underestimated the complexity of digital marketing and sales. The situation is now completely different with ZEAL – an established lottery player with an impressive customer base for its LOTTO24 and Tipp24 brands.

How does it feel to be a successful lottery operator today?

Rey: The idea of a digital charity lottery to promote educational projects had fascinated us both for years. The fact that we persevered despite some teething problems is great confirmation of this idea. Thanks to ZEAL, we are now a successful lottery operator, and believe us: we're hungry for more!

From every 'freiheit+' ticket sold, 50 cents go to charitable projects. Can you give us a few examples?

Mauler: Well, there's the 'Helden e.V.' charity in Bielefeld, which campaigns against (cyber)-bullying in schools, and the 'discovering hands' initiative, which trains blind women in the early detection of breast cancer. They both benefited from our funding of non-profit organisations in 2021. We also support projects abroad, such as an e-learning centre in Djibouti, via SOS Children's Villages Worldwide.

What are the challenges for charities these days and what role do lotteries play?

Mauler: Donations in Germany are hardly growing at all in real terms. At the same time, however, the need for funding is increasing and, unfortunately, so are the costs. So it was clear that we needed to examine some previously untapped revenue sources to see which ones might be useful. We firmly believe that charity lotteries will continue to make an important contribution to the funding of worthy causes in the future.

Let's take a look 10 years into the future. What are your hopes for lotteries?

Rey: Even if we're both retired by then: it would be great if we were among the three most successful charity lotteries in Germany. We're confident we can achieve this goal together with ZEAL.

»Thanks to ZEAL, we're now a successful lottery operator!«

Dr Benedikt M. Rey, Managing Director of Bildungchancen gGmbH

Dr Gerald Mauler, Managing Director of Bildungchancen gGmbH

»The proceeds are used to support projects in Germany and abroad.«

BILDUNGSCHANCEN
Spielend Zukunft gestalten

»'Deutsche Traumhaus-lotterie' is unique in Germany and caters to a desire for carefree living.«

Michelle Ritter,
Marketing Manager for Charity Lotteries

€1/ticket
TO CHARITABLE PROJECTS

€1m
DREAM HOUSE

NEW: 'Deutsche Traumhauslotterie'

In January 2022, ZEAL launched a new charity lottery: 'Deutsche Traumhauslotterie' (German Dream House Lottery). This lottery focuses on the dream that many people have of carefree property ownership. From numerous customer surveys, we know that owning property – and in particular a house – is a strong wish among lottery players and a key motivation for them to buy a lottery ticket. Until recently, there was no lottery product on the market, however, which served this dream.

Together with the lottery operator BildungsChancen gGmbH, ZEAL developed, tested and launched a house lottery within just a few months. With the promise: 'Build your dream home – where you want and how you want!', players can win a dream property every week worth a total of €1 million. Experts help the winners make their wish of owning a house a reality. Ticket prices start at €4, of which €1 goes to charitable projects. In addition to the main prize, there are six other attractive prize categories.

Our new normal is hybrid

How do we want to work?

Since the beginning of the pandemic, ZEAL has made working from home the default. After careful consideration though, it became clear that hybrid is our preferred model. We realised that our jobs can be done just as well from home. However, we miss the personal contact, especially the chance meetings and social interaction. This is why – as soon as corona allows – we want to work at least two days a week in the office and leave it up to our employees to decide where they want to work from on the other three days. Our new 'Work where you want' concept also allows all staff to work from a location of their choice for up to four weeks a year.

The best of both worlds!

During the coronavirus pandemic, we adopted a meticulous hygiene concept which enabled us to keep the office open – for those employees who still needed to work there for personal reasons. In addition, we offered the opportunity for in-house vaccinations for staff in cooperation with medical professionals. This offer was taken up by many of our colleagues. The pandemic also prompted us to think about how we could continue to provide and promote social interaction. This led us to hold two of our company events semi-virtually in 2021. Our annual summer conference was held purely digitally via Zoom in September, followed by an event (with a strict testing and hygiene concept) at a well-ventilated location. Our hackathon in November offered another opportunity to participate either from home – which two-thirds of staff opted for – or on-site at the office. This demonstrated to us that hybrid working is definitely possible!

»We give our colleagues maximum flexibility.«

Yvonne Gröbbels, HR-Managerin

Frank Hoffmann, IR-Manager

»The possibility to work either from home or in the office is ideal.«

Successful partners

Conversation between Dr Helmut Becker, CEO of ZEAL NETWORK SE, and Dr Heinz-Georg Sundermann, CEO of LOTTO Hessen

Dr Sundermann, the ZEAL Group and LOTTO Hessen have been close partners – as well as competitors – for many years. What can we learn from each other?

Although we're ultimately competing for the same customers, we're also partners – the two things are not mutually exclusive. There has simply been a paradigm shift in recent years, and LOTTO Hessen was instrumental in leading this move. I truly believe that forming camps or sticking to fixed structures benefits neither of us. So why not work together in areas that are mutually beneficial. Our many years of experience, especially in the lottery sector, and our established customer relationships give LOTTO Hessen plenty of ideas for new developments – as demonstrated by our environmental lottery, sports lottery and the 'Eurojackpot', whose European success is largely rooted in the state of Hesse. There are plenty of opportunities for us to work together here. On the other hand, your technological and digital focus means we can also use these game developments ourselves. We simply need to sit down and discuss such opportunities with an open mind. In our case, this has turned out to be a good approach for both sides, and we've certainly learned a lot from each other's successes.

»Together with the state lotteries, we want to continue to create added value for our customers.«

Dr Helmut Becker,
Chief Executive Officer ZEAL

You've known the ZEAL Group for many years now. What are your memories so far?

I've been a close friend of Jens Schumann, the co-founder of the ZEAL brand Tipp24, since 2004/2005. Following the Federal Constitutional Court's ruling on sports betting in 2006, we both attempted to prevent the ban on online games. Unfortunately, for LOTTO Hessen and Tipp24, but also for the entire German gaming market, we were not successful. If you look at how the gaming market has developed since, it's fair to say that Germany would not have had to endure more than a decade of black market lotteries and illegal sports betting and online game offerings if the regulatory authorities and politicians had chosen not to oppose Jens Schumann and myself at the time.

You'll be retiring soon. How would you assess the current status of German lotto and what are the challenges for the next few years?

It's always nice, of course, to leave safe in the knowledge that things are going well – and they are. For LOTTO Hessen, I can proudly report that revenues have never been higher than they are today. This definitely didn't just happen overnight, it took a lot of work – both internally and externally. When I look at how we have constantly focused on customer service and satisfaction, how we have positioned ourselves with new offerings and a sophisticated CRM system, then it's fair to say that our efforts have paid off. In terms of revenue per capita, Hesse is among the leaders in Germany and has been defending this position for many years. To that extent, LOTTO Hessen and the lotto sector in general are doing well. However, it's important not to take this success for granted. The last few years have shown that market conditions and players can change quickly and that new challenges await. Meeting customers' expectations has always been, and will remain, the yardstick for success. Of course, we have to comply with the legal requirements – or even deal with such things as a pandemic – but we will only be and remain successful if the customer is satisfied with us.

What effect do you think the second weekly 'Eurojackpot' draw will have?

LOTTO Hessen has always been strongly in favour of a second draw, because we simply see the potential it offers. The 'Eurojackpot' lottery, which LOTTO Hessen introduced in Germany, is now firmly established. It's played in 18 nations and is making giant strides in terms of revenue. Customer surveys have clearly shown that players want a second draw, as they have come to expect from other big number lotteries in Germany and many other countries. I firmly believe that the new 'Eurojackpot Tuesday' will be a great success.

You're responsible for launching 'Deutsche Sportlotterie'. We broker this lottery in Hesse via our LOTTO24 portals. What would you say is special about this lottery?

This is a project that is really close to my heart. We had to overcome a lot of resistance for this project. We had to fight hard and invest a lot of time and effort. 'Sportlotterie' is a social initiative aimed at generating funds for elite sport. Former athletes, companies, we as a lottery company, and the lottery players themselves are all working together to help create better conditions for sport in Germany – similar to those that leading nations can offer their athletes. The state cannot do everything, so a lottery for sport is a good approach as it means we're all winning and helping together. Everyone can play – and help. The basic approach is not new, the idea comes from Great Britain and has made them one of the most successful sports nations. Admittedly, we're still a long way from the success of the British, but we're confident that by expanding the lottery to Bavaria and North Rhine-Westphalia in the near future, and with the help of partners like ZEAL, we can gradually generate more and more revenue for sport that will benefit junior and elite athletes in Germany.

LOTTO Hessen has been successfully offering instant lotteries developed by ZEAL for several months now. How would you rate the potential of these products?

We're very satisfied with ZEAL's products and technology – something that is also reflected in our sales figures. The success of the instant lotteries sector in general is underlined by our product rankings. For the first time in 2020, instant lotteries were the third best-selling products in our portfolio, after 'LOTTO 6aus49' and 'Eurojackpot'. I remember that things were very different when I started 20 years ago. Back then, instant lotteries were a small niche product – no more and no less. With the help of good partners, we've been able to continuously develop this sector and consistently exploit its potential, while always listening carefully to our customers. These efforts are now paying off, also with the help of online games that we now offer very successfully on our website 'lotto-hessen.de'. Incidentally, this website has been repeatedly rated Germany's best online lottery provider by the trade magazine CHIP. I still see potential for instant lotteries – via retail outlets and online – and believe we can be even more successful with exactly these kinds of cooperation models.

»ZEAL and LOTTO Hessen are competitors and partners at the same time.«

Dr Heinz-Georg Sundermann, CEO of LOTTO Hessen

If you had the opportunity again to develop a completely new lottery for Germany, what would it be?

'Eurojackpot' opened the door to Europe for us. I believe that customers will continue to appreciate state providers taking this approach, in other words developing more joint and thus also more attractive offers. I could imagine a daily lottery with a guaranteed prize of millions – but I can also imagine much more.

LOTTO Hessen

The ZEAL Share

ZEAL Share Consolidates in 2021 after Price Rally

Stock markets 2021

The global economy recovered comparatively quickly from the brief but severe recession at the beginning of 2020. Extensive fiscal policy measures in many industrialised countries, coupled with an expansionary monetary policy, provided a significant boost. However, supply bottlenecks as well as insufficient transport capacities and rising corona infection rates had a negative impact on economic development in many countries and regions during the third quarter and resulted in a weakening of economic momentum.

Driven by high corporate earnings, stock markets were extremely buoyant in 2021. Benchmark indices in the industrialised nations in particular reached new record highs. The DAX, for example, exceeded 16,000 points for the first time in November and finished the year up by almost 16%, while the SDAX rose by almost 12% over the course of the year.

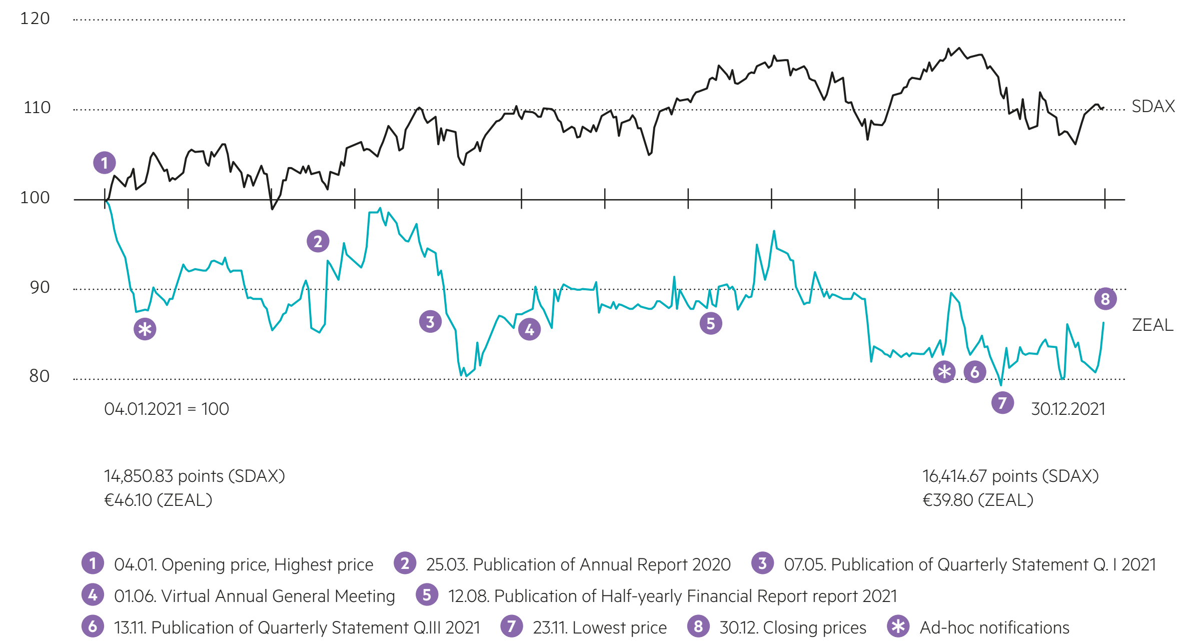
ZEAL share performance

Following its above-average performance in 2020, interest in the ZEAL share was much more subdued in the 2021 trading year. On the first trading day of 2021, the ZEAL share closed at its year-high of €46.10. On 25 March 2021, the day of the publication of the Annual Report 2020 and confirmation of the dividend policy, the share stood at €43.00. It subsequently moved within a narrow corridor between €40.00 and €43.00 until publication of the quarterly report for the first three months of 2021 on 7 May 2021. After a prolonged sideways movement, it then reached €40.60 on the day of the publication of the half-year report on 12 August 2021. In early October, the share price fell below the €40 mark and reached its year-low of €36.50 in November. By the end of 2021, the ZEAL share had recovered again and closed at €39.80 on 30 December 2021.

Annual General Meeting

As a result of the corona crisis, we held our Annual General Meeting (AGM) on 1 June 2021 as a virtual meeting again without the physical presence of shareholders or their proxies. With an overall attendance of around 75% of voting capital, the Management Board's proposed resolutions on all agenda items were adopted by a large majority. In addition to approving the actions of the Management Board and the Supervisory Board, as well as appointing the auditors, the agenda included the resolution on the appropriation of the balance sheet profit. Due to our positive liquidity situation and the expected increase in profitability, the Management Board and the Supervisory Board had proposed a total distribution of €20.1 million (2020: €17.9 million). This corresponded to a dividend of €0.90 per share for the fiscal year 2020 (2019: €0.80). In addition to the remuneration system for the members of the Management Board, as well as the remuneration and the remuneration system for the Supervisory Board members, which were approved with around 93% and around 100% of voting capital, respectively, the proposed capital increase from Company funds with a subsequent ordinary capital reduction was also approved with a large majority. The latter will enable efficient and capital market-oriented equity management and, in particular, help create the conditions for a flexible dividend policy.

ZEAL SHARE PERFORMANCE

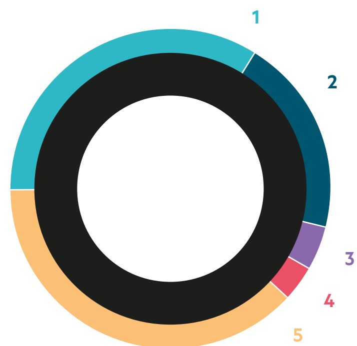


Shareholder structure

As of 31 December 2021, the subscribed capital of ZEAL Network SE amounted to €22,396,070 and was divided into 22,396,070 no-par value registered shares. The shares are fully paid. Each share entitles the owner to one vote and is decisive in determining the corresponding appropriation of profit. Our shares are admitted to trading on the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange. Treasury shares held by the Company on the day of the Annual General Meeting have no voting nor dividend entitlements. As of 31 December 2021, there were 32,569 treasury shares.

According to published voting rights notifications and additional information received from shareholders, the shareholder structure was as follows on 22 March 2022[1]:

33.83%	1	Günther Group
20.15%	2	Working Capital
4.46%	3	Marc Peters
3.58%	4	Jens Schumann
37.98%	5	Free float



[1] *The voting rights notifications submitted up to the effective date of the Company's relocation of its registered office from the United Kingdom to Germany on 25 October 2019 showed a percentage share of voting rights based on the Company's total number of voting rights less the number of treasury shares, in accordance with the applicable UK Disclosure and Transparency Rules. This concerns the voting rights of the shareholders Günther Group and Working Capital. For better comparability with the other disclosures, their voting rights stated in this list are calculated in deviation from the voting rights notifications received on the basis of the undiminished total number of voting rights of the Company.*

Dividend

The dividend policy of the past three years was based on continuity and sustainable earnings development, in line with the Company's development. As announced, we paid an increased dividend to our shareholders of €20.2 million for the fiscal year 2020 (€0.90 per share) in 2021.

At the Annual General Meeting on 30 June 2022, we will propose a dividend of €2.10, representing a total payout to shareholders of around €47.0 million. The dividend will consist of a basic dividend of €1.00 and a special dividend of €1.10. The payment of the special dividend is a further step towards optimising the Company's capital structure.

Conferences and roadshows

The ZEAL Group's Investor Relations team maintained its open, in-depth and ongoing dialogue with the capital market in the fiscal year 2021. It focused on transparent communication with private shareholders, national and international investors and equity analysts.

In numerous discussions, the Management Board and Investor Relations team explained the Company's key financial figures, strategy and business development. The capital market's growing interest in sustainability was also frequently reflected during the discussions held.

Against the backdrop of the Covid-19 pandemic, we held the majority of our meetings and capital market conferences in virtual form during the reporting period.

All annual and interim reports, presentations and webcasts of conference calls are made permanently available on our website (zealnetwork.de/de/investors/reports-presentations).

In 2022, we will continue to step up our various investor relations activities in order to maintain our close ties with existing investors and access new investor groups.

Analysts

In 2021, we were covered by Hauck & Aufhäuser Privatbankiers AG, Joh. Berenberg, Gossler & Co. KG and M.M.Warburg & CO.

Basic data on the ZEAL share

WKN	**ZEAL24**
ISIN[1]	**DE000ZEAL241**
Ticker symbol	**TIMA**
Reuters code	**TIMAn.DE**
Bloomberg code	**TIMA:GR**
Stock exchange listing	**Frankfurt, Regulated Market**
Transparency level	**Prime Standard**
Index	**SDAX**
Designated sponsor	**M.M.Warburg & CO**

[1] *International Securities Identification Number*

Key figures for the ZEAL share	**2021**	2020
Number of shares on reporting date	**22,396,070**	22,396,070
Highest price (in €)	**46.10**	46.05
Lowest price (in €)	**36.50**	19.00
Share price on reporting date (in €)	**39.80**	46.05
Market capitalisation on reporting date (in € million)	**891.40**	1,031.3
Average daily trading volume (in € thousand)	**666**	879
Earnings per share (in €)	**0.48**	0.37

Corporate Governance Statement

In the following section, the Management Board and Supervisory Board report on the corporate governance and management of ZEAL in accordance with sections 315d and 289f of the German Commercial Code (HGB).

Good corporate governance is a central aspect of our corporate policy which extends to every area of the Group: a management and control system based on responsible and sustainable value growth. In addition to organisational and business policy principles, we believe that the internal and external mechanisms for controlling and monitoring the Group are integral components, as are the efficient cooperation between Management Board and Supervisory Board, the transparent communication of Group activities and the respect of shareholder interests. With the aid of good corporate governance, we aim to promote the trust of national and international investors, financial markets, our business associates, employees and the general public in the management and monitoring of ZEAL.

The Corporate Governance Statement is an integral part of the Group Management Report. Pursuant to section 317 (2) sentence 6 HGB, the auditor's review of the disclosures pursuant to section 315d and section 289f HGB is restricted to whether the disclosures have been made.

Declaration of Conformity with the German Corporate Governance Code ('Code') pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board and Supervisory Board of ZEAL Network SE declare that since submitting the last declaration pursuant to section 161 AktG in March 2021 the recommendations of the Government Commission for the German Corporate Governance Code ('Regierungskommission Deutscher Corporate Governance Kodex') in the version dated 16 December 2019 and published in the official section of the Federal Gazette ('amtlicher Teil des Bundesanzeigers') on 20 March 2020 were complied with, and will continue to be complied with in the future, with the exceptions set out and justified below:

1. *B.1 and C.1 (determination and publication of the status of the implementation of concrete objectives for the composition of the Supervisory Board; consideration of diversity for the composition of the Supervisory Board and the Management Board)* With regard to its own composition as well as the composition of the Management Board, the Supervisory Board supports, among other things, the aspects of internationality, participation of women and independence. However, the Supervisory Board will refrain for the time being from formally defining objectives for the composition of the Supervisory Board and Management Board that go beyond the requirements of stock corporation law in order not to restrict its selection criteria by setting concrete objectives and quotas.
2. *G.4 (vertical remuneration comparison)* The Supervisory Board duly deals with the appropriateness of the remuneration of the Management Board. In doing so, it also takes into account the Company's internal remuneration structure. However, the Supervisory Board is convinced that the determination of comparison groups and the consideration of the development over time will not lead to an improvement in the quality of decision-making, so that the Supervisory Board refrains from implementing these formal recommendations.

Hamburg, March 2022

The Supervisory Board

The Management Board

Corporate Constitution and Governance Structure

As a German Societas Europaea (SE), ZEAL is subject to German corporate law and has a two-tier management system which consists of a Management Board (management organ) and a Supervisory Board (supervisory organ).

The Supervisory Board appoints, monitors and advises the Management Board. The two bodies work closely together: the Management Board informs the Supervisory Board regularly, comprehensively and in due time about all issues relevant to strategy, planning, business development, risk position, risk management and compliance. The Supervisory Board is immediately informed about ZEAL's strategic alignment and ongoing development, as well as any deviations in the course of business from the defined plans and targets.

MANAGEMENT BOARD'S MODE OF OPERATION

ROLE

The Management Board is responsible for running the day-to-day operations of the Group, setting the short-term and long-term strategic objectives and ensuring that these objectives are implemented. The Management Board's key objective is to create sustainable value for the Company's shareholders and other stakeholders. The Management Board manages ZEAL in accordance with the statutory provisions, the Company's Articles of Association, the Management Board's Rules of Procedure and the stipulations of the respective service agreements with the aim of achieving a sustainable added value.

COMPOSITION AND MODE OF OPERATION

The Management Board currently comprises four members. Its members are appointed and dismissed by the Supervisory Board. The Supervisory Board is responsible for setting out the scope of the roles and responsibilities of each Management Board member together with decisions that must be adopted by all members of the Management Board. The Supervisory Board has set an age limit of 63 years for members of the Management Board.

Dr Helmut Becker chairs the Management Board and is responsible for Corporate Strategy, External Communications, Legal Affairs, Regulation and Compliance, Human Resources, Sales and Lottery Brokerage.

As a newly appointed member of the Management Board as of 5 June 2021, **Paul Dingwitz** is responsible for Information Technology.

As a newly appointed member of the Management Board as of 1 July 2021, **Sönke Martens** is responsible for Marketing, Brand Management and Strategy, as well as Product Management.

Jonas Mattsson is responsible for Finance, Accounts, Taxes, Controlling, Investor Relations and the management of business activities in Spain.

The Management Board members are jointly responsible for the overall management of the business. Notwithstanding this overall responsibility, the individual Management Board members manage the business areas assigned to them on their own responsibility within the framework of the Management Board resolutions. The allocation of business areas among the members of the Management Board results from the schedule of responsibilities. The Management Board is deemed quorate if at least a majority of its members, but no fewer than two members, participate in the adoption of resolutions. Resolutions are adopted with a simple majority. Should the Management Board consist of more than two members, the Chair shall have the casting vote in the event of a tie.

In 2020, the Management Board set a target of 30% each for the percentage of women at the two management levels below the Management Board by 28 February 2025.

SUCCESSION PLANNING AND DIVERSITY CONCEPT FOR THE MANAGEMENT BOARD

Together with the Management Board, the Supervisory Board ensures that there is long-term succession planning. The Supervisory Board believes that the basic suitability criteria for the selection of candidates for a position on the Management Board are in particular personality, integrity, compelling leadership qualities, professional qualifications for the area of responsibility to be assumed, past performance, knowledge of the Company and the ability to adapt business models and processes.

With regard to the composition of the Management Board, the Supervisory Board strives to achieve an appropriate level of diversity in terms of age, gender, educational or professional background and internationality. ZEAL is active in the online gaming business. Compared to other industries, the selection of candidates is limited for industry-specific reasons.

In order to avoid unduly restricting the selection of suitably qualified male and female candidates, the Supervisory Board has – for the time being – refrained from formally setting targets for the composition of the Management Board that go beyond the requirements of the German Stock Corporation Act (AktG). In 2020, the Supervisory Board therefore set a target of 0% for the proportion of women on the Management Board by 28 February 2025. Although the Management Board currently consists exclusively of male members, they each have different educational and professional backgrounds, represent different age groups and half of them hold foreign citizenship. The Supervisory Board and Management Board are therefore of the opinion that the current composition of the Management Board reflects a high degree of diversity.

SUPERVISORY BOARD'S MODE OF OPERATION AS WELL AS COMPOSITION AND MODE OF OPERATION OF ITS COMMITTEES

ROLE

The Supervisory Board is responsible for advising on and overseeing the work of the Management Board together with the approval of measures that are of fundamental importance to the Company (as set out in the Company's Articles of Association).

COMPOSITION AND MODE OF OPERATION

The Supervisory Board currently comprises six members. Its members are appointed and dismissed at the Company's General Meeting by the shareholders.

The Supervisory Board has adopted a skills profile for the Board as a whole. This requires the members of the Supervisory Board as a whole to be familiar with the online lottery sector and to have the skills which are necessary with regard to the activities of ZEAL. In particular, these include the following knowledge and experience:

- Special knowledge and experience in the lottery business (market and competition).
- Extensive knowledge in the field of finance/accounting and controlling.
- Special knowledge in the field of IT in the e-commerce environment.
- Experience in managing and monitoring a group of companies, including corporate governance requirements.

The Supervisory Board is of the opinion that its current composition complies with the aforementioned skills profile.

Furthermore, the Supervisory Board is of the opinion that defined targets for the composition of the Supervisory Board are not suitable for forming an efficient and suitably qualified Supervisory Board. In 2020, the Supervisory Board therefore set a target of 0% for the proportion of women on the Supervisory Board by 28 February 2025 and refrained from naming specific targets for its composition. When proposing candidates for election to the Supervisory Board, it endeavours to select candidates with the best suitability and personal experience, thereby complementing the composition of the Supervisory Board as a whole. In doing so, the Supervisory Board strives to achieve a balance of skills, experience, independence as well as knowledge of relevance to the company. The Supervisory Board has concluded that it comprises an adequate number of independent members. All members of the Supervisory Board are regarded as independent. The Supervisory Board has determined that, as a rule, its members shall not serve longer than until the end of the Annual General Meeting which follows their 74^{th} birthday.

The Chairman of the Supervisory Board is responsible for organising and coordinating the work of the Supervisory Board, chairing its meetings and attending to the affairs of the Supervisory Board externally. He is also responsible for maintaining regular contact with the Management Board and informing the Supervisory Board of important events in relation to the management of the Group and, if required, convening extraordinary meetings of the Supervisory Board.

The members of the Supervisory Board are listed below together with their positions on other domestic supervisory boards and SE administrative boards to be formed pursuant to statutory law, as well as other comparable controlling bodies:

Peter Steiner (Chairman)

- Clariant International AG (Member of the Administrative Board, Chairman of the Audit Committee) [2]
- Wienerberger AG (Chairman of the Supervisory Board) [2]

Oliver Jaster (Deputy Chairman)

- Günther Holding SE (Chairman of the Administrative Board) [1]
- Günther SE (Chairman of the Administrative Board) [1]
- MAX Automation SE (Member of the Administrative Board) [1]
- All4cloud Management GmbH (Chairman of the Advisory Board) [2]
- All4cloud GmbH (Chairman of the Advisory Board) [2]
- G Connect GmbH (Chairman of the Advisory Board) [2]
- Günther Direct Services GmbH (Chairman of the Advisory Board) [2]

Thorsten Hehl

- LOTTO24 AG (Member of the Supervisory Board, Group mandate) [1]
- Günther Direct Services GmbH (Member of the Advisory Board) [2]

Marc Peters

Jens Schumann

- LOTTO24 AG (Chairman of the Supervisory Board, Group mandate) [1]
- LemonSwan GmbH (Member of the Advisory Board) [2]

Frank Strauß

- Bullfinch Asset Aktiengesellschaft (Member of the Supervisory Board) [1]
- Clark AG (Chairman of the Supervisory Board) [1]
- European Bank for Financial Services GmbH (Chairman of the Supervisory Board) [2]

- Kiwi HoldCo Cayco, Limited (Member of the Board of Directors)[2]
- Precis Capital Partners Limited (Chairman of the Board of Directors)[2]
- The Fifty Five Foundry, Inc. (Member of the Board of Directors)[2]

[1] Positions on other domestic supervisory boards and SE administrative boards formed pursuant to statutory law

[2] Positions on comparable domestic and foreign controlling bodies

The Supervisory Board has set up a Chairman's Committee, an Audit Committee, an Investment Committee and a Special Committee, each consisting of three or four of its members. The respective committee chairperson reports regularly to the Supervisory Board on the work of the committee. If a committee has no chairperson, the entire committee reports. The Supervisory Board periodically reviews the adequacy of the committee structure with a view to setting up additional committees or dissolving no longer required committee if the need arises.

CHAIRMAN'S COMMITTEE

The Chairman's Committee is responsible for the preparation of Supervisory Board meetings, coordination of committee meetings and ongoing exchanges with the Management Board on behalf of the Chairman of the Supervisory Board. It also performs the functions of a nomination and remuneration committee. The Chairman's Committee meets as required.

AUDIT COMMITTEE

The Audit Committee is responsible for overseeing the external audit and monitoring the effectiveness of the Company's framework of internal control. The Company's Chief Financial Officer regularly attends by the Audit Committee's meetings.

INVESTMENT COMMITTEE

The Investment Committee is responsible for reviewing ZEAL's external investments and internal start-ups and approving related investments in certain cases.

SPECIAL COMMITTEE

The Special Committee is responsible for granting the Supervisory Board's consent, as required by the Management Board's Rules of Procedure, for the Company to vote on resolutions at a General Meeting of LOTTO24 AG for which a member of the Company's Management Board would be subject to a voting ban if they were themselves shareholders of LOTTO24 AG.

The following table shows the seats and functions held by members of the Supervisory Board on its Committees:

Peter Steiner	Chair of the Chairman's Committee, Chair of the Investment Committee, Chair of the Special Committee, Member of the Audit Committee
Oliver Jaster	Member of the Chairman's Committee, Member of the Special Committee
Thorsten Hehl	Chair of the Audit Committee, Member of the Investment Committee
Marc Peters	Member of the Investment Committee, Member of the Special Committee
Jens Schumann	Member of the Chairman's Committee, Member of the Investment Committee
Frank Strauß	Member of the Audit Committee, Member of the Special Committee

The Supervisory Board regularly evaluates its work and adopts improvement measures in the course of its regular self-evaluation. In the fiscal year 2021, the Supervisory Board as a whole and the Audit Committee each conducted most recent comprehensive self-evaluation process based on a questionnaire.

GENERAL MEETING

In addition to the Management Board and Supervisory Board, the General Meeting acts as the third corporate body. Our shareholders exercise their rights at the General Meeting and are involved in fundamental decisions concerning ZEAL. The Management Board, Supervisory Board and General Meeting are jointly committed to acting in the best interests of the shareholders and to the benefit of the Company. ZEAL's Annual General Meeting is held within the first six months of the fiscal year. In accordance with the Articles, the General Meeting is presided over by the Chairman of the Supervisory Board. The General Meeting resolves on all matters that are reserved for it by law (including the election of Supervisory Board members, amendments to the Articles, the appropriation of net profit and capital measures). ZEAL's aim is to make it easy for our shareholders to participate in the General Meeting: we publish all necessary documents on the Internet in advance and nominate a proxy for shareholders who is obliged to follow their voting instructions.

TRANSPARENCY

ZEAL attaches great importance to providing information uniformly, comprehensively and promptly. The business situation and results of ZEAL are disclosed via regular reporting in the form of the Annual Report, half-yearly financial report and quarterly statements. The Company provides full and swift information on specific events by means of press releases and publication of inside information in accordance with statutory regulations. All publications, press releases and announcements are available on our website (zealnetwork.de) in the Investor Relations section. Moreover, we are available for discussions at analyst, investor and telephone conferences as well as international roadshows. ZEAL also keeps insider lists as required and informs the persons concerned about their statutory duties and penalties.

According to Article 19 of the Market Abuse Regulation, members of the Management Board and Supervisory Board, as well as related parties, are obliged to notify the Company and the Federal Financial Supervisory Authority ('Bundesanstalt für Finanzdienstleistungsaufsicht') of transactions relating to ZEAL shares, insofar as the value of the transactions of the respective member reaches or exceeds €20 thousand during one calendar year. These notifications are published on the Company's website at zealnetwork.de without undue delay.

In accordance with the recommendations of the German Corporate Governance Code, each member of the Management Board and the Supervisory Board is required to declare any conflicts of interest that may arise or have arisen. There were no conflicts of interest reported by members of the Management Board in the fiscal year 2021. Any conflicts of interest reported to the Supervisory Board by its members in the fiscal year 2021, as well as how they were handled, are reported in the Supervisory Board Report.

AUDIT

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, have been the auditors of the Company's Annual and Consolidated Financial Statements since the fiscal year 2019. This firm was reappointed as auditors for the fiscal year 2021 by the Annual General Meeting on 1 June 2021. Jan Brorhilker has signed the audit since the fiscal year 2020 and Carl-Heinz Klimmer (the audit partner responsible) since the fiscal year 2019.

Corporate Governance Practices

INTERNAL CONTROL SYSTEM

ZEAL has an accounting-related internal control system (ICS) and risk management system that corresponds to the guidelines of the Institute of Public Auditors in Germany ('Institut der Wirtschaftsprüfer in Deutschland e.V.'), Dusseldorf, Germany. The ICS is designed to avoid the risk of material misstatements in accounting, to detect substantially incorrect valuations and to ensure compliance with the relevant regulations. Irrespective of its specific structure, however, an ICS cannot provide absolute assurance that these objectives will be achieved. The scope and structure of the ICS are at the discretion of the Management Board. We monitor the accounting-related ICS mainly by controls integrated into processes. These internal controls comprise both preventive as well as detective activities. The following controls are embedded in the process: IT-based and manual data matching, the segregation of functions, the dual checking principle and monitoring controls. We monitor the accounting-related ICS mainly by controls integrated into processes. These internal controls comprise both preventive as well as detective activities. The following controls are embedded in the process: IT-based and manual data matching, the segregation of functions, the dual checking principle and monitoring controls. In addition, the auditor of the Consolidated Financial Statements assesses the effectiveness of the risk early warning and monitoring system in accordance with section 317 (4) HGB. In accordance with section 107 (3) sentence 2 AktG, the Supervisory Board regularly commissions the external auditors to conduct additional audit activities. Further information on the ICS is provided in the Risk and Opportunity Report.

RISK AND COMPLIANCE MANAGEMENT

The risk and compliance management system is designed as an integrated system. To this end, we carefully monitor our market and competitive environment while analysing the identified risks and compliance fields in the course of regular risk management and compliance workshops. The insights this provides are used to swiftly introduce measures which will ensure the long-term and sustainable success of the Group and prevent infringements of compliance regulations.

ZEAL's compliance management system consists of a large number of in-house measures and processes. It serves our objective of acting in accordance with ethical principles and abiding by all applicable laws, internal regulations and voluntary commitments. In addition to the general compliance fields, we pay particular attention to complying with the special compliance fields of gambling regulation, data privacy, IT security, competition, corruption, occupational health and safety, working conditions, and general non-discrimination.

We constantly review the effectiveness of our compliance management system and adapt it to developments, changed risks and new legal requirements. This ensures that its effectiveness and efficiency is continuously improved. We systematically and regularly minimise compliance risks across all business areas. The results of this analysis serve as the basis for our risk management.

In order to identify risks at an early stage, it is important that any fraud, misconduct or wrongdoing by workers or officers of the organisation is reported and properly dealt with. A transparent, open and diverse organisational culture is vital in ensuring that individuals are willing to openly address misconduct or risks. ZEAL encourages a transparent, open and diverse corporate culture in which people feel they can 'Think Brave' and raise concerns. The organisation therefore encourages all individuals to raise any concerns that they may have about the conduct of others in the business or the way in which the business is run. ZEAL has set up a whistleblowing system which employees or external whistleblowers can use to report compliance violations to ZEAL. The report can also be made anonymously. The whistleblowing system can be reached via zeal.whistleblowernetwork.net

Foreword

to the Sustainability Report

Corporate integrity is very important to us. As a listed company and provider of gaming products, ZEAL takes its responsibilities very seriously. This means we go beyond the legal and regulatory requirements and strive to create value for the common good.

Sustainability is an integral part of our business model, as 40% of every ticket sold benefits society through taxes and duties. Last year, our brokerage services helped generate €246 million for good causes.

We have launched our own charity lotteries that generate income for dedicated charitable causes. The charity lotteries in our product range already accounted for 5% of our gaming stakes in the fiscal year 2021. We also run our business responsibly. Most of the products we offer for our customers have no or only a low risk potential with regard to gambling addiction. This has been confirmed in numerous studies. Nevertheless, player protection and security have become even more important for us since the new State Treaty on Games of Chance was enacted in Germany. We welcome the new stricter requirements and want to live up to our pioneering role in the field of responsible gaming by fully implementing them with the aid of innovative technologies.

In the first half of 2022, we will replace our existing monitoring systems with Mindway AI's 'GameScanner'[1]. This will give us even more possibilities to identify problem gaming behaviour at an early stage.

This Sustainability Report fully documents our economic and socio-environmental performance for the first time. Its aim is to present our key issues, goals and achievements to all stakeholders. With a comprehensive materiality analysis and a stakeholder survey involving 374 participants, our aim is to set standards for sustainability reporting in our industry. We regard the results of this detailed assessment as an incentive and a foundation for our sustainability strategy going forward.

We take a holistic view of sustainable management and have made progress in a number of fields over the past few years: for example, we use 100% renewable energy for our offices and data centre. We offer our employees a wide range of training and development opportunities. We help our employees improve their work-life balance by offering a variety of options, such as flexible working models. These services were rewarded by our employees with an eNPS of 42 (possible range from -100 to +100) – a score we are very proud of.

Our commitment to sustainability is underpinned by a number of compliance documents, including our Code of Conduct.

We regard our success so far as the springboard for even more ambitious plans and will formulate new goals based on the resulting insights and put these into practice. In the coming years, we also want to expand our reporting. Our aim is to capture even more data points and to develop and document new guidelines for our business and for even greater sustainability.

We look forward to presenting our progress, measures and future plans in this Sustainability Report under the motto 'ZEAL – Winning Together'.

[1] *An artificial intelligence solution based on neuroscience that detects – fully automatically – problem gambling behaviour*

Sustainability Report

ZEAL – A Win for the Common Good

Lottery markets are high-revenue markets and a social phenomenon. Number lotteries are by far the most popular form of gambling in Germany: around 28.7 million German citizens regularly play.[1] And although the probability of winning the jackpot may be low for the individual, every draw is a major win for the community as a whole. Supporting good causes and social projects is both a legal requirement and an integral part of our business model. In the fiscal year 2021, our brokerage activities under the LOTTO24 and Tipp24 brands alone helped provide a total of €246 million to support important social projects and tasks.[2]

At ZEAL, we all win, because a substantial share of the stakes we broker is always shared with the community ('Society Wins', p. 35). We regard this shared value as the key to sustainable growth and the basis for all our business relationships – both internal and external.

[1] IfD Allensbach © Statista 2021, 'Anzahl der Personen in Deutschland, die Lotto oder Toto spielen, nach Häufigkeit von 2017 bis 2021 (in Millionen)'
[2] More on this in the chapter 'Society wins'

Win-win for our Stakeholders and us – the Materiality Process

In order to meet our 'shared value' objective as effectively as possible and to identify and serve the needs and expectations of our stakeholders, ZEAL conducted its first materiality analysis in 2021–2022, based on global standards. This consisted of:

1. A document analysis to evaluate external influences from regulatory authorities, standard-setters, competitors and industry associations.
2. A stakeholder screening to identify and prioritise stakeholders according to AA1000 and GRI 3.1.
3. An ESG impact rating analysis.
4. A two-part stakeholder engagement process in which more than 59,571 stakeholders were invited to rate the relevance of a total of 48 topics and to indicate their expectations and wishes for ZEAL.

This four-part approach means that ZEAL not only meets the high standards of the German CSR Directive Implementation Act,[1] but also the reporting standards of the GRI (Global Reporting Initiative)[2], the German Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK)[3] and the AccountAbility-Standard AA1000[4].

[1] EU Commission directive for non-financial reporting

[2] The Global Reporting Initiative (GRI) is an international, independent standards organisation that helps companies, governments and other organisations understand and communicate their impact on issues such as climate change, human rights and corruption (https://www.globalreporting.org/).

[3] The German Sustainability Code ('Deutscher Nachhaltigkeitskodex' – DNK) is a cross-sector transparency standard that provides companies of all sizes with guidance on how to implement their CSR reporting obligations (https://www.deutscher-nachhaltigkeitskodex.de/).

[4] AccountAbility's AA1000 suite of standards is a principles-based framework used by global corporations, private companies, governments and other public and private organisations to demonstrate their leadership and performance in the areas of accountability, responsibility and sustainability (https://www.accountability.org/standards/).

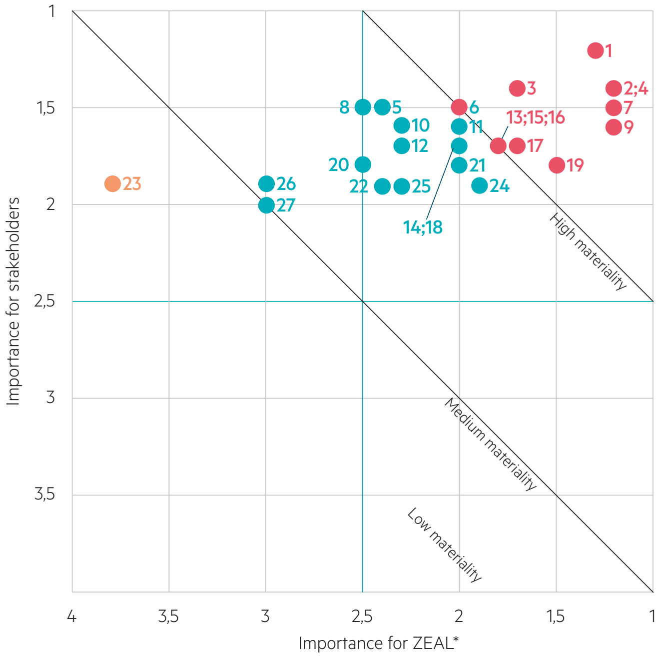
SELECTING THE STAKEHOLDERS

The selection and prioritisation of stakeholders was based on the results of the stakeholder analysis conducted from September 2021 to October 2021. A structured selection process was used to rank the stakeholder groups, enabling the stakeholders to be assessed according to the perspectives defined by AA1000:

- Dependence
- Responsibility
- Tensions
- Impact
- New perspectives

With regard to the involvement of stakeholders (engagement process), all those internal and external stakeholders were invited to participate who exhibited characteristics of several groups and therefore required our special attention. These included employees, shareholders, the Supervisory Board, customers, representatives of the state lottery companies and the management team. The GDPR-compliant stakeholder invitations were distributed by ZEAL. This resulted in a total of 390 fully completed interviews. For the evaluation process, majority descriptions were generally used: this was necessary because the empirical distribution proved to be very broad and it was the only way to achieve generalisations. The interviews themselves were conducted by an external provider – cometis AG – to ensure a systematic process and guarantee the data anonymity promised to the participating stakeholders.

OUR MATERIAL TOPICS



* Classifications of management and the Supervisory Board

HIGH MATERIALITY

1 Prevention of manipulation and criminality
2 Data protection & data security
3 Protection of minors
4 Customer satisfaction
6 Responsible, safe products
7 Combating corruption & money laundering
9 Player protection, prevention of gambling addiction
13 Work-life balance, family-friendly employer
15 Vocational training
16 Continuing education and training
17 Independent Supervisory Board
19 Recruitment and formation of talent

MEDIUM MATERIALITY

5 Product transparency
8 Fair pay, collective wage agreements
10 Occupational health and safety
11 Human rights
12 Equal opportunities (age, gender, nationality)
14 Transparent communication
18 Digital technologies and innovations
20 Compliance with social standards in the supply chain
21 Regular audits of compliance with all voluntary commitments
22 Provision of help and information on the dangers of gambling
24 Fair competition
25 Responsible marketing
26 Compliance with environmental standards in the supply chain
27 Energy efficiency, energy management

LOW MATERIALITY

23 Tax policies & tax transparency

OUR 5 WINNING CATEGORIES

1. A WIN FOR OUR CUSTOMERS

Number lotteries are by far the most popular form of gambling in Germany. Several million Germans play them regularly. In 2021, we made 1.3 million people happy by distributing total winnings of €293 million.

1.1 Responsible gambling

Compared to other types of gambling, number lotteries pose a very low risk of problematic gambling behaviour. To ensure that not only our jackpot winners are happy, however, we apply a stringent player and youth protection policy. Our social concept in accordance with section 6 of the German State Treaty on Games of Chance ('Glücksspielstaatsvertrag' – GlüStV) fully complies with the legal and licensing requirements of the supervisory authorities and is subject to continuous internal audits. Our social concept describes the measures we take to prevent the socially harmful effects of gambling and how we intend to remedy them.

[1] *https://www.bzga.de/fileadmin/user_upload/PDF/studien/BZgA-Forschungsbericht_Gluecksspielsurvey_2019.pdf*

This concept includes:

- Educating our players.
- Implementing preventive and intervention measures.
- Protecting minors.
- Training our employees.

Our control mechanisms strengthen both the possibility for self-regulation by our players, as well as preventing abuse through appropriate precautions for external control.

The main basis for this are our general terms and conditions, which provide information on control mechanisms and exclusions. To raise awareness among our players, all our websites (lotto24.de, tipp24.de, lotto.gmx.de, lotto.web.de) contain relevant information and links, for example to the help pages of the Federal Centre for Health Education ('Bundeszentrale für gesundheitliche Aufklärung' – BZgA) spielen-mit-verantwortung.de.

We counteract uncontrolled spending by our customers by setting a monthly pay-in limit of €1,000. They can also set their own limits for stakes, pay-ins and losses. In addition, we inform our customers daily about their gaming history over the past 30 days – with accumulated stakes, winnings and losses – on initial log-in. Before each game, we inform all participants about the risks associated with gambling, give advice on prevention and assistance, inform them about participation and the game conditions, as well as about all aspects relating to gambling.

Our multi-stage age verification procedure ensures that minors do not have access to our product range.

We have also implemented a system by which players can easily block themselves or, in the case of conspicuous gambling behaviour or deception attempts, can also be blocked by third parties from playing in future.

For our 24 internal and six external employees with customer contact (Customer Support, Payment Fraud Officer and Responsible Gaming Officer), we hold a mandatory training and awareness-raising programme once a year on relevant topics, such as informing customers about the probability of winning and losing from gambling, the potential risks of gambling, the law prohibiting underage gambling, and the possibilities for counselling and treatment of gambling problems.

New members of these teams receive extensive training as part of the onboarding process.

In addition, we have appointed a Gambling Prevention and Youth Protection Officer who acts as an interface between the game providers, the support system for problem gamblers and the corresponding monitoring by the scientific community, as well as coordinating the development and implementation or continuation of all measures to protect players.

The person primarily responsible for the topic of player protection at our company, the Compliance Manager, has the authority to quickly decide on and implement any necessary improvements in player protection. Furthermore, the Compliance Manager has direct access to the entire Management Board should questions and issues relating to responsible gambling need to be clarified at this level. In addition, the Compliance Manager drives the development of new processes and more effective monitoring.

To provide a safe environment for players and position ZEAL even more strongly as a pioneer of player protection, we are constantly driving further innovations. One example of this, is a new AI-based monitoring tool we launched in the first quarter of 2022. This will allow us to massively expand our monitoring by collecting and evaluating specific performance indicators in the area of responsible gambling.

1.2 Product transparency

We want to be as transparent as possible to our customers about their chances of winning. They can therefore find information on this topic on all our websites and at all times (lotto24.de, tipp24.de, lotto.gmx.de, lotto.web.de).

1.3 Customer satisfaction

A key element of our long-term business success is the loyalty of our existing customers. We therefore measure their satisfaction in several surveys each year to discover what our customers expect from us and what we can do to improve.

KPI	2021	2020	2019
Customer satisfaction[1]			
– LOTTO24	89%	81%	84%
– Tipp24	88%	82%	83%

[1] *Source: customer satisfaction survey in November-December 2021, November 2020 as well as December 2019.*

1.4 Digital technologies and innovations

In order to protect our customers and provide them with the best possible offer, we use numerous innovative digital technologies. Thanks to our state-of-the-art data acquisition system, we are able to measure the success of all our campaigns in real time and assess both the effectiveness of our measures and the behaviour of our customers.

One example of such an innovative application is Mindway AI's 'GameScanner', which will replace our existing monitoring systems and provide even better control capabilities, thus enabling us to identify problematic gaming behaviour even faster.

As a customer-centric technology company, we attach great importance to the further development of our high-performance platform and our offerings. A large number of our employees are involved in product development, scaling, performance optimisation, self-scaling cloud-based infrastructures, big data processing, IT security and compliance.

1.5 Data protection and data security

Customer trust is an important prerequisite for our business success. The security of their data is therefore an absolute priority for us, which is why this topic has been assigned directly to our Management Board and is the direct responsibility of our CTO Paul Dingwitz.

At ZEAL, data protection and data security involves numerous measures, from the collection and handling of data to the training of our employees. In order to coordinate all these measures, we have established an Information Security Management System (ISMS), which is audited annually and certified according to ISO 27001. So far, we have not detected any breaches that seriously jeopardised data security.

In order to firmly establish the importance of data security issues throughout the Company, all ZEAL employees are required to attend data security training at least once a year. The training covers basic technical and behavioural topics, such as defining security incidents, recognising phishing attacks and behavioural guidelines for dealing with breaches. The use of passwords and mobile devices is also part of the training. To ensure the effectiveness of these sessions, there is a final test at the end of the training, in which a minimum of 80% must be achieved.

There are also annual training sessions on the practical implementation of data protection requirements, during which the scope of the General Data Protection Regulation and the rights of individuals under current data protection legislation are explained. The importance of data protection for ZEAL as a company is underlined with the aid of specific case studies. There is also a final test at the end of this training session, in which employees must achieve at least 80% to pass.

The training courses for data protection and data security last about 45 minutes on average, followed by a learning test of about 20 minutes. If employees have already completed the online training, they only need to successfully pass the test in the following year. The training material is regularly revised and adapted to current developments.

In addition, we publish detailed data privacy statements on our customer-oriented platforms (for example, tipp24.de, lotto24.de) in which we explain clearly to our customers how we process their data when they use our services.

Our Group-wide Data Privacy Policy includes in particular:

- Principles of handling personal data of clients and employees.
- Type and scope of processes and rules for handling data within the Group.
- Explanations of how personal data is collected and handled or passed on, including all choices and rights that data subjects have in the context of our data processing.
- Overview of all measures ZEAL takes to ensure the security of customer data and how data subjects can contact us if they have questions about our data protection practices.
- Principles for dealing with new technologies.
- Rules of conduct in the event of a breach.

2. A WIN FOR OUR EMPLOYEES

Our employees are the cornerstone of our success. Their well-being is our top priority – we therefore conduct our anonymous employee surveys on a weekly basis to identify and tackle any issues at an early stage.

The coronavirus pandemic has changed the way we work. Even under these new conditions, however, we have managed to achieve considerable successes:

- High satisfaction levels: we were able to keep employee satisfaction levels at a high level. In the period 1 April 2020 to 1 February 2022, our employee surveys showed an increase in the Employee Net Promoter Score (eNPS) from 15 to 42 (possible range -100 to +100). Good relationships with superiors and colleagues are rated particularly high.
- Low fluctuation rates: our fluctuation rate was 3.45% in 2021 (2020: 3.0%); despite the slight, pandemic-related increase, we are thus far below the average rate in Germany.[1]

HOW WE ACHIEVED THIS:

- **More flexible working hours and working models.**
- **Leading by objectives and strengthening personal responsibility.**
- **Health promotion.**
- **Attractive remuneration.**
- **Training opportunities.**
- **Diverse and inclusive working environment.**

2.1 More flexible working hours and working models

Employees are increasingly demanding a good work-life balance. A family-friendly work environment is an important criterion when selecting and evaluating a potential employer.

A particular challenge arose as a result of the coronavirus and its impact on the world of work: since the start of the pandemic, the proportion of employees working from home in Germany has risen from 4% to around 15–30%[2]. As ZEAL's business model is based on digitalised work processes, we were able to facilitate remote working for the entire team from the beginning of the pandemic. In 2021, approximately 90% of working hours were spent out of the office. Even after the pandemic, we will continue to offer employees the opportunity to work remotely (in consultation with their manager and team) – four weeks per year of which from anywhere in the world. As a general rule, all employees will need to be in the office for two days a week (so-called 'in-office days'). This is aimed at promoting cooperation between employees and teams. All these regulations are laid down in a special guideline that all employees receive. This explains in clear and detailed terms their rights and obligations with regard to the various measures to increase the flexibility of their working hours.

[1] *https://www.iwkoeln.de/studien/joerg-schmidt-arbeitskraeftefluktuation-im-jahr-2020-pandemie-hinterlaesst-spuren.html*
[2] *https://de.statista.com/statistik/daten/studie/1204173/umfrage/befragung-zur-homeoffice-nutzung-in-der-corona-pandemie/*

We actively promote equal opportunities for women and men as well as compatibility with family obligations. Staff can freely arrange their contractually fixed working hours (trust-based working hours). Where requested, we also offer the possibility of part-time work, which can be converted back to a full-time position if circumstances change. Time off for special occasions, such as moving house, a wedding, the birth of a child, and seven additional paid days off if a child is ill, make it even easier for our employees to plan ahead.

2.2 Leading by objectives

Our strategic objectives are made more tangible by setting concrete, measurable targets. We use the OKR (Objectives and Key Results) framework to involve employees in a continuous, flexible process and thus strengthen their identification with the Company. In our day-to-day business, we ensure transparent communication and fair distribution of work by using the RASCI method[1], a widely used project management tool.

[1] The RASCI matrix is a project management tool that helps to clarify the roles and responsibilities of different organisations and individuals in complex structures. RASCI is an acronym derived from the five most commonly used key criteria: Responsible, Accountable, Supporting, Consulted and Informed.

Both processes are regularly audited. The active participation of employees in every step of the process encourages and challenges each individual to commit to this approach.

2.3 Health promotion

A healthy working environment is a prerequisite for the well-being of our employees. We adhere to strict hygiene standards so that our teams can feel safe at all times, even under pandemic conditions.

In order to prevent work-related illnesses, our desk workplaces are ergonomically designed and regularly checked to ensure that the desks and chairs are optimally adjusted. Moreover, all employees receive regular workshops held by the company doctor on the topic of ergonomic working practices. We also offer our employees medical support from the company doctor, Health Days and various sports activities. In addition, ZEAL subsidises the use of fitness studios, swimming pools and other sports facilities.

Proactive stress management is part of our prevention strategy and employees receive regular training on the topic of mental health at work. Counselling is provided in one-on-one discussions about stress factors, such as workload or team conflicts. If necessary, we arrange for confidential external psychotherapeutic treatment.

These healthcare measures enabled us to achieve a low sickness and accident rate of 2.78% in 2021 (2020: 2.49%).

2.4 Attractive remuneration

We pay a competitive salary in line with prevailing market rates. Remuneration is based on position, responsibility and tasks, and not on personal characteristics such as gender or origin. In addition to the fixed salary, we provide variable, performance-related salary components to motivate employees. The level of remuneration is regularly reviewed and, if necessary, adjusted following each personal development meeting. We conduct an annual review of existing salaries and adjust them to ensure we continue to offer our employees salaries commensurate with market conditions and performance.

In order to strengthen loyalty and enable employees to participate in the company's success, we make it easier for our permanent employees to purchase shares in the company via our broad-based Employee Stock Purchase Plan (ESPP)[1]. Participation packages are offered in annual one-off purchase amounts ranging from €900 to €3,600 – and ZEAL grants employees a fixed gross rebate of 20% (including taxes and duties) on the final amount invested.

[1] An Employee Stock Purchase Plan (ESPP) is a company-run programme under which participating employees can purchase shares in the company at a discounted price.

Extensive fringe benefits include – depending on the location – subsidised public transport tickets, company-sponsored bike leasing, subsidised gym fees, free food and drinks in the office, shopping discounts, a personal development budget, language courses, team and company events, health insurance contributions, life insurance and a company pension scheme.

2.5 Training opportunities

We attach particular importance to the retention and promotion of talent. In order to focus even more on this aspect in future, we have created the new position of Learning & Development Manager to oversee staff development projects. These will include the establishment of a programme to promote personnel development measures, steered on the basis of KPIs such as employee satisfaction or individual development progress.

Regular training is provided on industry-relevant topics, such as educating customers about the probability of winning and losing from gambling, the potential dangers of gambling, the prohibition of underage participation and the possibilities for counselling and treatment of gambling problems.

Customised training offers are based on annual discussions with staff, performance reviews and internal surveys. This results in recommendations for coaching on a specific topic or professional or technical training, for example. Language courses, one-on-one coaching sessions and training in social skills are also supported.

An annual training budget of €1,500 (€2,500 for managers) is allocated to each staff member. In 2021, our employees used €354 of this amount on average (2020: €510; 2019: €668). The decrease is primarily due to the pandemic-related limited opportunities for continuing education, which are also generally cheaper online. In future, we will encourage our staff more systematically to take advantage of the training budget available to them.

2.6 Recruiting talent

We offer our employees an attractive overall package of competitive remuneration, generous continuing education opportunities and a corporate culture of partnership as equals. In 2021, we hired a total of 26 new staff, 22 of them in Germany and 4 in Spain (2020: a total of 30 new staff). Our successful recruitment and talent management efforts are reflected in the top ratings we receive on internet portals.

2.7 Diverse working environment

We embrace a culture of mutual respect at ZEAL. This culture ensures equal opportunities regardless of gender, age, origin, sexual orientation, disability or other discriminatory characteristics. We promote the reduction of prejudices and educate our employees on the topics of diversity, inclusion and intercultural competence. Our entire recruitment process is non-discriminatory and geared towards diversity. For example, in 2021, half of all new recruits were women.

In 2021, women accounted for 34.1% of our total workforce (2020: 34.8%).

In view of the newly introduced conditions and flexibility which enable a reduced office presence, we naturally ensure that low visibility (due to childcare, for example) does not have a negative impact on the career development of our employees.

There are currently no women on the Management Board (4 persons) or the Supervisory Board (6 persons). In addition to the proportion of women, however, we also strive to achieve an appropriate level of diversity in terms of age, gender, educational or professional background and internationality. These aspects are already represented at Management Board level. ZEAL is also active in the online gambling business. For industry-specific reasons, the selection of candidates is therefore more constrained than in other sectors. Women make up 17% of the second management level at present (2020: 30%), and we are aiming for 30% by 2025.

In order to send a positive signal to the outside world, we strive to use gender-appropriate language in order to be as inclusive as possible when addressing people.

We strive to keep language barriers as low as possible (English is the company language) to ensure good cooperation between our employees, who at present come from more than 23 different nations. Intercultural differences are respected and considered an enrichment of our work environment.

Number of employees	**31 December 2021**	31 December 2020	31 December 2019
ZEAL in total	167	178	218
Of which women	57	62	85
Of which part-time employees	35	35	59
Of which women part-time	24	29	41
Average age of the workforce in years	38	37	36
Nationalities	23	25	25
Employees (full-time equivalents)	157	161	181

3. A WIN FOR SOCIETY

3.1 A sustainable business model

Social responsibility is a central component of our business model. We want to make the world a little better. Through sustainable growth, donations to social projects and our own social lotteries, we create added value for the common good.

Lotteries and good causes

Ever since lotteries have been supervised by the state, money has flowed into numerous socially relevant projects. Around 40% of lottery stakes received by the state lottery companies benefited society as a whole over the past few years in the form of taxes and duties.

According to figures of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock' – DLTB), over €3.2 billion was transferred to the state budgets or beneficiaries in the form of taxes and duties in 2021 (2020: over €3.1 billion). This corresponds to over €8.8 million per day for good causes throughout Germany – money which is absolutely vital for the funding of numerous projects in the field of welfare, sport and culture, as well as landmark and environmental protection.

ZEAL is also happy to contribute to the funding of our community and, of course, does not engage in tax avoidance schemes. In 2021, ZEAL paid €31.4 million in taxes and social security contributions.

Our contribution

In the fiscal year 2021, we were able to generate funds of €246 million for important social and societal projects through our brokerage activities – this corresponds to our contribution in the previous year.

And our charity lotteries make an additional contribution. Product offerings with an additional social benefit make up 5% our portfolio.

3.2 Strong partnerships

By partnering with charities – such as the Spanish ONCE – we strive to make the world a little bit better. The Spanish organisation for the visually impaired helps people who are blind or visually impaired to live independent lives. Founded in 1938, ONCE prides itself on having created a range of specialised services that have enabled thousands of people to fulfil their potential. Its mission includes creating jobs, offering scholarships and building hospitals, schools and specially equipped sports and recreational facilities. To increase its financial scope and optimise online distribution, ONCE partnered with our subsidiary ZEAL Iberia in 2012, which has since been responsible for managing the digital distribution channel – from product management to player acquisition and retention.

In 2016, we were also the first German lottery broker to include 'Deutsche Fernsehlotterie' – Germany's oldest charity lottery to support people in need – in our product range. As a result, we provide additional indirect support for further social and community projects.

By buying stakes our lotto club 'Das Grüne Glück', our customers can support the planting of trees in developing countries, as we donate one tree per stake, three trees for two stakes and eight trees for four stakes. In the fiscal year 2021, more than 209,000 trees were planted by the local population around the world with the aid of our project partner Eden Reforestation Project. Since the lotto club was launched, over 437,000 trees have been planted. As well as actively combating climate change, this project also offers employment prospects for the local population.

With the charity lottery 'freiheit+' that ZEAL developed on behalf of BildungsChancen gGmbH, we have been promoting educational projects in Germany and around the world since March 2020. Its aim is to help people tap their personal potential, which in turn benefits society as a whole. Since 2020 alone, over €7 million has already been awarded to 157 education projects. In 2021, €5.4 million was donated to 103 education projects. This money is used to sponsor projects of the lottery's three initiators 'Stifterverband', SOS Children's Villages Worldwide and the 'German Children and Youth Foundation – DKJS', as well as numerous projects of independent organisations. Examples of the latter include 'Vincentino e. V.' founded by the journalist Sandra Maischberger in Berlin and 'coach@school e. V.' in Hamburg, whose patron is the German author of children's fiction Cornelia Funke.

The education sector has not been spared from the corona crisis. As the operator of the 'freiheit+' lottery, BildungsChancen gGmbH therefore reacted in the early days of the pandemic and has since awarded 24 amounts of €1,000 in immediate aid. This provided support for projects of particular importance during the coronavirus pandemic – such as the child shelters 'Mattisburgen' sponsored by Ein Platz für Kinder gGmbH. In addition, up to 10% of all funds currently generated by the lottery are earmarked for education-related corona aid. These funds, for example, helped Ackerdemia e. V., an organisation which offers families interesting and useful employment possibilities during lockdown in the form of a farming programme. The aim here is to increase society's appreciation of nature and food and to strengthen healthy and sustainable consumption. Ambassador and patron of Ackerdemia is Christoph Biemann, a German TV personality famous for 'Sendung mit der Maus', a programme which has been presenting interesting facts about everyday life to young and old since 1983.

3.3 Responsible marketing

We are aware of our responsibility with regard to advertising games of chance. As a provider of online lotteries, we attach particular importance to the protection of minors and the prevention of gambling addiction.

Our action plan includes placement and content guidelines:

- No advertising in the vicinity of content primarily aimed at minors.
- Information on the dangers of addiction and support programmes.
- Agreements on restrictive advertising guidelines with business partners and suppliers.

In 2022, we will also publish our Code of Conduct, which sets out clear rules for responsible marketing.

There are also specific time restrictions for the offer of online scratch cards. The State Treaty on Games of Chance stipulates time restrictions for the advertising of slot machine, poker and table games between 6 am and 9 pm. This applies to broadcasting and the Internet.

3.4 Compliance with social & environmental standards in the supply chain

Due to its size, ZEAL is not subject to direct obligations under the Supply Chain Act. Nevertheless, we pay careful attention to possible risks of human rights violations when selecting our contractual partners, who are based in western industrialised countries, especially the EU and the USA, and largely provide electronic services. The high standards that apply in these countries ensure a high level of compliance with human rights. In addition, there are regularly only very low risks of human rights violations in the supply chain when providing electronic services. We have therefore not yet initiated any specific risk analyses.

In addition, we have established an up-to-date anti-slavery policy within the Company, the 'Modern Slavery and Human Trafficking Statement', and regularly monitor suppliers with regard to their reliability and compliance.

3.5 Fair competition

Fair competition is very important for ZEAL. In order to be perceived as a trustworthy business partner and employer, ethical business conduct and integrity are important factors which we take very seriously. For this reason, we have great respect for the high standards of our customers, employees and business partners. We require all employees to comply with the applicable legal and statutory requirements as well as our own internal guidelines.

4. A WIN FOR OUR ENVIRONMENT

We want to make our contribution to climate protection and the environment. We believe that every company can make a contribution, even though this contribution is much smaller than that of other industries due to our business model. We have defined the following topics as fields of action:

- Reduction of waste.
- Reduction of energy consumption.
- Extending the life cycle of our hardware products.

4.1 Reduction of waste

We market digital gaming experiences. We do not produce lottery tickets nor do we consume many other resources. We only generate waste as part of our normal day-to-day office operations. Since 2020, we have been measuring the amount of packaging waste in our offices:

- In 2020, consumption was 1.16 tonnes.
- In 2021, consumption was 1.12 tonnes.

In 2021, we also measured the amount of shredded documents for the first time.

- For the year as a whole, it amounted to 0.55 tonnes

In order to fully document all office waste, we will also collect data on our residual waste from 2022 onwards, which we will extrapolate for the respective full year on the basis of representative samples.

Despite the generally low waste volumes at ZEAL compared to manufacturing companies, we continuously review our everyday processes in order to identify scope for further improvement. To this end, among other things, employees from different departments have launched the GREEN ZEAL initiative as part of a hackathon, which also looks at the little things and, for example, implemented the exchange of our previous coffee capsule machine for a more environmentally friendly model. In addition, we only use envelopes and Post-It's certified with the 'Blue Angel' and reuse parcel packaging as much as possible. By implementing various digital tools for file storage, signature and invoice processing and approval, we have been able to significantly reduce our paper consumption.

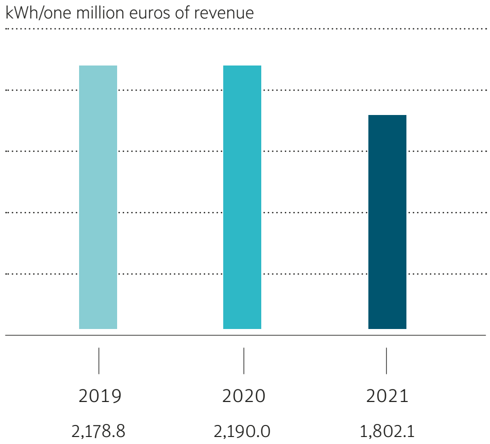
4.2 Reduction of energy consumption

We consume energy to operate our office buildings and global data centres.

In recent years, we have been able to significantly reduce electricity consumption for our office buildings and data centres.

- In 2019, electricity consumption was 447,291 kilowatt, equivalent to 2,178.8 kWh or every one million euros of revenue.
- In 2020, we consumed 190,531 kilowatt, or 2,190.0 kWh for every one million euros of revenue.
- In 2021, our energy consumption was 155,938 kilowatt, or 1,802.1 kWh for every one million euros of revenue.

REVENUE-WEIGHTED ENERGY CONSUMPTION



At our office location in Hamburg, renewables accounted for 97.9% of energy consumption in 2021. In 2020, this figure was only 72.2%. We are therefore well on the way to reaching 100% within the next few years.

The fact that the global power consumption of all data centres in 2018 accounted for about 1% of the world's total energy needs shows how important it is for us to take action. As of summer 2020, we already procure 100% of the electricity for our data centre in Hamburg from renewable energy sources. We also source external computing capacity exclusively from state-of-the-art centres with sustainable energy management and a high proportion of renewables. Our provider AWS has committed to using only renewables by 2030.

4.3 Extending the life cycle of our hardware products

We make a further contribution to protecting the environment by carefully selecting the hardware products we procure for our IT department.

When procuring hardware for use in our own data centre in Hamburg, we pay close attention to durability and energy efficiency. Almost all of our computers and monitors have Energy Star certification in the highest energy efficiency categories.

We regularly replace less efficient equipment which is older than 5 years with new, more efficient hardware. Our IT 'fleet' has an average age of three years. We only dispose of retired hardware in exceptional cases – in 2021 there was almost no electronic waste at ZEAL. Instead, we donate the devices to schools, for example, to provide better equipment and improve education there. This significantly extends the life cycle of our hardware.

5. WE ALL WIN WITH GOOD GOVERNANCE

Our corporate governance system encompasses all aspects of the Company's management and supervision. As trust and integrity are the cornerstones of our business model, the early identification of risks is of fundamental importance to us. We do not tolerate fraud or other misconduct – whether by our managers, our employees or our suppliers.

In accordance with section 161 AktG, the Supervisory Board and Management Board have issued a Declaration of Conformity with the German Corporate Governance Code and made it permanently available to shareholders on page 21 of this Annual Report and via the Company's website (zealnetwork.de).

5.1. Management Board/corporate governance standards

In addition to their basic salary, our managers receive variable remuneration with a short- and long-term incentive (STI and LTI) linked to personal and company-related targets. The Supervisory Board regularly determines whether targets have been achieved and sets new targets. Clawback clauses are included in the service agreements of Management Board members. Explicit malus regulations are limited to compensation for damages in the event of misconduct. The current remuneration system for the Management Board and Supervisory Board is described in detail in the Remuneration Report.

5.2. Code of Conduct

We actively promote a transparent, open and diverse corporate culture. We have set out our requirements regarding integrity and ethics in a binding Code of Conduct for our employees, which we will also publish in an updated version in the first months of 2022. In addition to the general compliance fields, we attach particular importance to observing the special compliance fields of gambling regulation, data protection, IT security, capital market issues, competition, corruption, occupational health and safety, working conditions and general non-discrimination.

5.3. Combating corruption and money laundering

ZEAL has established a Payment, Fraud and Verification department, currently comprising 5 full-time employees, with the aim of preventing or reducing payment fraud.

In order to identify risks at an early stage, it is important that fraud, misconduct or wrongdoing by workers or officers of the Company is reported and properly dealt with. ZEAL encourages a transparent, open and diverse corporate culture in which people feel they can 'Think Brave' and raise concerns. We encourage everyone to raise any concerns that they may have about the conduct of others in the business or the way in which the business is run. In order to lower the barriers for such reporting, ZEAL has set up a publicly accessible whistleblowing system at zeal.whistleblowernetwork.net, where employees or external whistleblowers can anonymously report compliance violations at ZEAL. The system is available in all languages relevant to ZEAL employees. All information is processed by the Compliance Department with the assistance of external compliance specialists and any necessary steps are subsequently taken.

Our employees are regularly informed about the possibility of using the whistleblower system. We did not receive any reports via our whistleblower system in 2019, 2020 and 2021.

5.4. Compliance management system

Integrity and ethical behaviour are a cornerstone for the conduct of all ZEAL employees. In order to reinforce and ensure this, we have introduced a compliance management system. This consists of a large number of internal processes and measures. It is designed to ensure that we act in accordance with ethical principles and adhere to all applicable laws, internal regulations and voluntary commitments. The topics of gambling regulation, IT security, data protection, capital market issues, corruption, competition, working conditions, occupational health and safety and general non-discrimination are particularly important to us.

By setting the 'tone from the top', all managers are called upon to exemplify, through their own actions and attitudes, a risk culture that encourages staff to comply with the applicable regulations and to avoid violations. Those managers with responsibility for the most sensitive compliance areas regularly hold workshops to analyse and assess potential compliance risks and to define appropriate preventive measures and remedies. The Compliance Officer, who reports directly to the Management Board, is responsible for coordinating the compliance workshops and for the compliance management system.

We regularly review the effectiveness of our compliance management system and adapt it to current developments, new legal requirements and changing risks. We systematically and regularly analyse compliance risks across all divisions and use the results of this analysis as the basis of our global risk management system.

6. SDG INDEX

Our contribution to the UN's SDGs

The 17 Sustainable Development Goals (SDGs) of the United Nations were adopted by all UN member states in 2015 as part of the 2030 Agenda for Sustainable Development. These 17 global sustainability goals in such areas as health, education, fair work and the environment are aimed at both state and private stakeholders around the world. We at ZEAL are also contributing to the achievement of these goals. The SDGs addressed by our sustainability measures are highlighted in the margins of this Sustainability Report to aid orientation. In total, we can demonstrate a positive contribution to nine of the 17 SDGs. Furthermore, we have identified the following three SDGs where our business model and corporate policy can make a significant contribution:

SDG 3 – Good Health and Well-Being

Our numerous measures to protect vulnerable players and minors provide a safe environment for responsible gambling in a controlled setting. To this end, we provide players with various tools for self-control, but also offer external control where necessary.

SDG 8 – Decent Work and Economic Growth

Highly flexible working models, including work from home, trust-based working hours and additional paid leave for special occasions, facilitate a good work-life balance and make it possible to reconcile work and family life – benefiting our female colleagues in particular. We aim to develop and retain our employees over the long term by offering continuing education measures and attractive pay based on fair and transparent targets.

SDG 12 – Responsible Consumption and Production

ZEAL stands for transparent, safe products and responsible marketing. This is how we achieve satisfied customers while at the same time supporting numerous charitable organisations with proceeds from the lotteries.

3 GOOD HEALTH AND WELL-BEING	Responsible gambling (p. 30), Responsible marketing (p. 36)
4 QUALITY EDUCATION	Training opportunities (p. 33), 'freiheit+' (p. 35)
7 AFFORDABLE AND CLEAN ENERGY	Reduction of energy consumption (p. 37), Extending the life cycle of our hardware products (p. 37)
8 DECENT WORK AND ECONOMIC GROWTH	More flexible working hours and working models (p. 32), Attractive remuneration (p. 33), Recruiting talent (p. 34), Compliance with social & environmental standards in the supply chain (p. 36)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Digital technologies and innovations (p. 31), Data protection and data security (p. 31)
10 REDUCED INEQUALITIES	More flexible working hours and working models (p. 32), Diverse working environment (p. 34)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Product transparency (p. 31), Customer satisfaction (p .31), Responsible marketing (p. 36)
13 CLIMATE ACTION	Compliance with social & environmental standards in the supply chain (p. 36)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Lotteries and good causes (p. 35), Combating corruption and money laundering (p. 38)

Group Management Report

ZEAL Network SE is the parent of an e-commerce group of companies that create online lottery experiences for its customers. Founded in Germany in 1999, it was initially set up as a lottery broker. In 2005, it was floated on the Frankfurt stock exchange and became one of the most successful initial public offerings (IPOs) in Germany at the time.

In 2009, the Group changed its focus from lottery brokerage to lottery betting and later moved its registered office to London.

In May 2019, ZEAL completed the takeover of LOTTO24 AG. It transitioned its former Tipp24 secondary lottery business to a German online lottery brokerage business in October 2019 and has since become the leading German online broker[1] for state and other lottery products once again. In the same month, it relocated its registered office back to Germany.

In 2020, ZEAL expanded its product portfolio with the addition of its own charity lottery 'freiheit+'. A further charity lottery 'Deutsche Traumhauslotterie' was added in January 2022.

[1] based on billings of LOTTO24 AG compared to total market stakes according to information of DLTB and the German Lottery Association

Basic Principles of the Company

BUSINESS MODEL

ORGANISATIONAL STRUCTURE

ZEAL Network SE is a Societas Europaea (SE) with its registered office in Hamburg, Germany. Following the takeover of LOTTO24 on 14 May 2019 and the Business Model Change on 15 October 2019, the Group reviewed its reportable operating segments and determined that the segments Germany and Other should be used as of 1 January 2020:

GERMANY

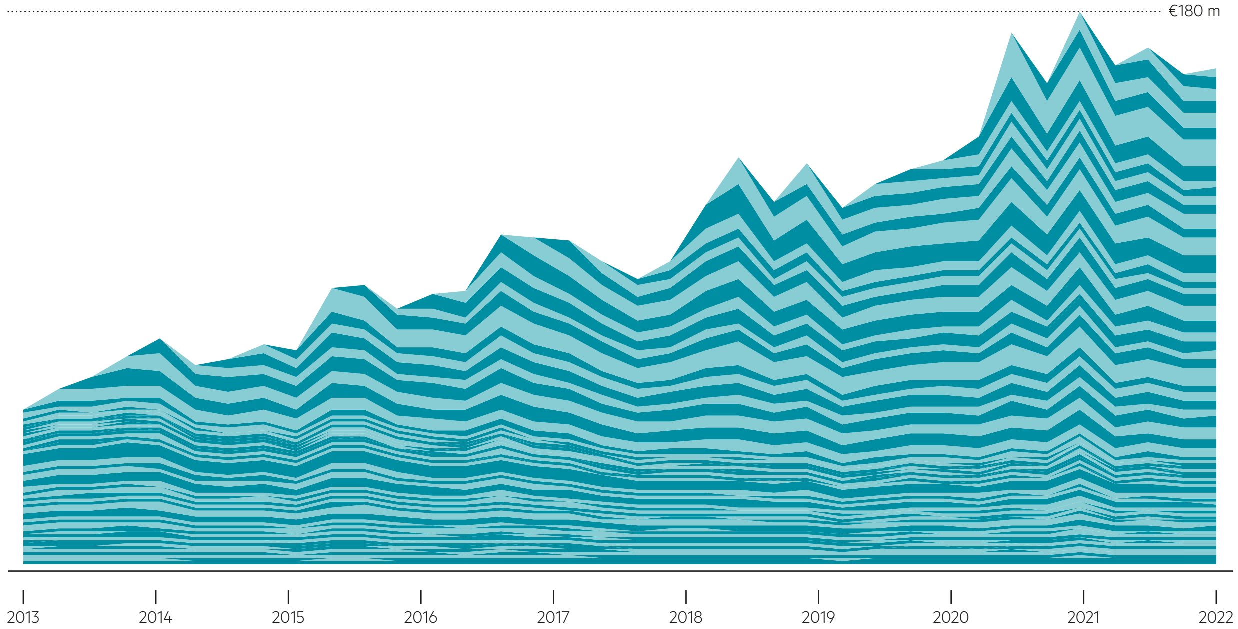
The Germany segment comprises the Group's domestic online lottery brokerage business and charity lotteries. Its cost base includes direct operational costs as well as the Group's shared costs.

In this segment, we broker lottery products via the Internet (lotto24.de, tipp24.de) and receive brokerage commissions from the lottery operators. We can therefore generate income without assuming the book-making risk of DLTB products ourselves. Amongst other things, we offer our customers the possibility to participate in the lottery products 'LOTTO 6aus49', 'Spiel 77', 'Super 6', 'Eurojackpot', 'GlücksSpirale', 'Keno', lotto clubs, instant lotteries and 'Deutsche Fernsehlotterie', which are all well positioned on the market. On behalf of, and in the name of, our customers, we enter into gaming agreements with the respective lottery operator. In addition, we enable our customers to participate in two charity lotteries for the promotion of educational projects, which we offer together with BildungsChancen gGmbH:

- 'freiheit+' under the Tipp24 brand since March 2020 and also under the LOTTO24 brand since November 2020.
- 'Traumhauslotterie', launched in January 2022.

One of the sector-specific success factors of our business model is the loyalty of our customers: once gained, our active customers provide us with stable billings over the long term.

BILLINGS PER CUSTOMER GENERATION (LOTTO24 AND TIPP24, QUARTERLY)



OTHER

The Other segment comprises the remaining elements of our business, including our online lottery operation on behalf of the national organisation for the blind in Spain, ONCE, and our investments in early-stage start-ups under ZEAL Ventures.

Partnership with ONCE expanded

In the fiscal year 2021, we expanded our partnership with ONCE. With billings of over €1.6 billion in 2020, ONCE is one of the most important lottery operators in Europe. Its aim is to provide social support to blind and disabled people. We originally entered into a strategic partnership with ONCE in 2013 to offer marketing and strategic services for the company's digital channel. Between 2013 and 2020, billings via the digital channel increased more than twenty-fold. As a result of this extraordinary success, we have agreed with ONCE to extend our partnership for a further six years, until the end of 2026. Under the terms of the new agreement, we will also support ONCE with the technical implementation of various strategic projects.

Risk-based portfolio approach with start-up investments

ZEAL Ventures continues to pursue new lottery-related, start-up investments using a risk-based portfolio approach. Over the years, we have invested in several start-ups, which we are closely monitoring and supporting where necessary while continuing to pursue additional investment opportunities. Our objective is to learn from these companies, generate profits and/or integrate exciting business ideas into the ZEAL Group.

As of 31 December 2021, we held stakes in:

- Omaze, Inc. (1.6%) – which operates an online fundraising platform under the 'Omaze' brand offering unique experiences and exclusive merchandising items to support charitable causes.
- Pick Media Limited (10.0%) – which operates the world's largest free-to-play, ad-financed daily lottery under the 'Pick My Postcode' brand.
- Cloud Canyon Limited (20.0%) – which operates a fashion-based prize competition under the 'Odurn' brand.
- De Integro Limited (10.0%) – which used to operate a travel-deal business under the brand 'The Dream Makers' offering subscribers the chance to win holiday experiences.
- Furlong Gaming Limited (29.4%) – which operates a prize competition based on horse racing operating under 'The Racehorse Lotto' brand.
- TH Travel Limited (35.8%) – which operates a prize competition platform for millennials focusing on travel and local experiences under the 'DAYMADE' brand.

In September 2021, Omaze Inc. received new funding in the high double-digit millions and on this basis is now valued at almost US$1 billion. As a result, the value of our investment in Omaze Inc. increased by €9,011 thousand in the fiscal year 2021, which was recognised in ZEAL's other comprehensive income.

In addition to this pleasing development, our investments provided further non-financial success. We gained insights that facilitated the establishment of our new charity lottery 'Deutsche Traumhauslotterie'. Even though we wrote down the carrying amount of our investment in Furlong Gaming Limited in fiscal year 2021, its experience in non-monetary lottery winnings as well as its insights into the horse racing business have been of great value for our further strategic development.

STRATEGY

On the basis of the business segments presented above, our objectives are to,

- Continue to expand our tried and trusted business models, especially in Germany and Spain.
- Offer new lotteries and games.
- Discover gaming innovations in order to tap further target groups, gain important market knowledge and to test new product ideas quickly and cheaply.

Our Marketing and IT departments play a key role in these endeavours.

NEW CUSTOMER MARKETING

In 2021, LOTTO24 AG defended its position as the leading online lottery provider in Germany[1]. As in the past years, representative online surveys proved we have achieved high brand awareness – more than every second respondent knows the LOTTO24 brand.

In addition to channels such as search engine advertising (SEA) or social media marketing, we also acquire new customers via affiliates, banners, text-based ads, content ads and special advertising formats. The Apple App Store also provides a good opportunity to attract new customers. In 2021, we were the first German provider to offer our app in the Google Play Store following a revision of its gaming restrictions. We also conduct cooperation and content marketing. Good search engine optimisation (SEO) is also essential for our marketing success. As many of these measures are especially effective in times of high jackpots, some of the channels were only used to a limited extent in view of the predominantly low jackpots of 2021, as they would not have achieved the desired efficiency.

Mobile usage

The trend towards mobile devices has long since captured the market: we already generate the major share of our revenue via mobile devices. A real game changer for us was when Google opened its Play Store for licensed gaming apps – albeit with restrictions, for example for charity lotteries. We were the first national provider to be able to offer a fully playable lotto app and thus penetrate the Android segment even more effectively. This segment clearly dominates the German market with a share of over 60%[2] . We have rounded off our portfolio now with a playable app for each of our brands (LOTTO24, Tipp24) offered for iOS and Android in their respective stores. We are particularly pleased about the many positive customer reviews we have received. No other lottery app has been rated so positively by a similar number of users.

Moreover, a large proportion of both new and existing customers come to us via mobile devices. We are therefore continuously optimising our marketing channels, advertising formats and products accordingly. With regard to loading speed, we identified important improvement possibilities which we have begun to implement in the first half of 2022. This is a decisive factor for mobile devices and will help us attract further potential customers to our offerings. Due to the high level of mobile usage and our complete app store coverage, we have significantly expanded our app marketing and developed it into one of our key customer acquisition channels.

[1] *based on billings of LOTTO24 AG compared to total market stakes according to information of DLTB and the German Lottery Association*

[2] *https://de.statista.com/statistik/daten/studie/184332/umfrage/marktanteil-der-mobilen-betriebssysteme-in-deutschland-seit-2009/*

DATA SCIENCE

Data-based decisions

Our goal is to provide each potential and existing customer with the best possible offer at the right time via the channel that makes most sense for them. In 2021, we therefore made some important infrastructural investments in terms of technology and data architecture in order to personalise the customer experience even more precisely. This strategy is also essential in view of the planned expansion of our product portfolio. We use increasingly targeted behaviour-based personalisation in our marketing activities for both new and existing customers in order to improve both the conversion of prospects into customers and customer loyalty. We are capable of measuring the success of all campaigns in real time and ranking the efficiency or contribution of each individual measure – also with the aid of predictive models regarding future customer behaviour – thus ensuring the optimal use of our marketing measures.

All data is administered and used exclusively for the improvement of our own products and services in strict compliance with data protection regulations. Compliance with German and international data protection standards (for example GDPR or ISO 27001) is a matter of course for us. In addition, we want to offer our customers full control over their personal data at all times in line with our own strict voluntary commitment – with extensive documentation requirements, the consolidation of data at just a few locations and by just a few people, as well as the immediate deletion of all personal data if requested by the customer. The new State Treaty on Games of Chance, which came into force in the middle of the 2021, brought in even stronger disclosure obligations for providers and information rights for customers, which we have met in full since the law came into force.

PRODUCT DEVELOPMENT

Making lotto future-proof

Compared to other markets, the highly regulated and largely state-monopolised market for organising lotteries is not known for the dynamic pace of its innovation. Nevertheless, well-established products such as 'LOTTO 6aus49' or 'Eurojackpot' reach millions of customers, including new players. Over the long term, it is noticeable that the needs with regard to winning experiences, game motivation and context are indeed changing. We are therefore continuously developing our product and service offering. In particular, the new State Treaty on Games of Chance which came into force in mid-2021 opens up new opportunities to offer customers a broader range of products. For example, lotteries, virtual slot machines or sports betting products can become part of an integrated offering, even though these are subject to different regulatory requirements. We plan to expand our product portfolio accordingly, but will always focus on the wishes and needs of our customer base.

Besides the numerous compliance requirements resulting from the new State Treaty on Games of Chance, we thoroughly revised our apps, integrated new scratch card products in certain German states and added 'Deutsche Sportlotterie' (German Sports Lottery) to our sales activities in Hesse in 2021. In addition to various new lotto clubs, we also activated significant personalisations on our website, which will also allow us to expand our product portfolio in future without risking the relevance of the offering for our customers.

EXISTING CUSTOMER MARKETING AND CUSTOMER SUPPORT

Existing customer marketing

A particular feature of our business is the strong loyalty of our customers. Only satisfied customers will continue to use our offerings, which is why our dialogue marketing (Customer Relationship Management, CRM) pays close attention to precise and interest-based customer communication. To this end, we use extensive customer behaviour analyses in order to contact them at the most appropriate time with relevant content. In 2021, we implemented further significant enhancements of our omni-channel strategy, enabling us to inform customers via the channels most suitable for them, such as mail, on-site notifications, and app or browser push notifications.

Customer support

Every year, LOTTO24 and Tipp24 achieve leading positions in independent customer satisfaction rankings. To ensure that this remains the case in future, we constantly invest in making our customer service even better. Whether by phone, e-mail, social media, self-service (search-based FAQ sections) or chat – our customers can easily ask questions and quickly receive the support they need. Over the past 12 months, we have been able to significantly expand online self-service in particular. Around 50% of enquiries can thus be solved directly by our customers without having to contact our support centre. For us, this means: lower costs, increased speed and more time for more complex client issues. In general, it is in the nature of our business that the volume of enquiries is unevenly distributed and peaks on special occasions: regulatory adjustments, new product releases, large jackpots or mandatory pay-outs, but also large marketing campaigns such as our '#geimpftgewinnt' ('vaccinated wins') campaign. Moreover, we keep our first and second level support separate and have partly outsourced initial contact to experienced external partners whose staff work exclusively for us in some cases.

OWN PLATFORM TECHNOLOGY

E-commerce platforms

Our high-performance platform must be able to withstand enormous transaction volumes with significant peak loads, while at the same time being easy to develop and operate. As a customer-centric technology company, our development teams are therefore an important part of our workforce, as virtually all of our development is done in-house. They work on product development, scaling and performance optimisation, as well as self-scaling cloud-based infrastructures, big data processing, IT security and compliance. The quality standards we set for ourselves, but which are also expected by our customers, are underscored by our ISO and other certifications. Throughout 2021, we also realised final important synergies from the technological consolidation of LOTTO24 and Tipp24, such as further merging of data centres and peripheral systems.

MANAGEMENT SYSTEM

KEY FINANCIAL FIGURES PERFORMANCE INDICATORS

The key financial performance indicators which we use to steer the Group and whose values we aim to improve are:

- **Billings** (stakes placed by customers, influenced both by the variety and attractiveness of our product portfolio and the efficiency of customer retention measures).
- **Revenue** (commission for brokered and remitted tickets/stakes as well as additional/ticket fees.
- **Adjusted EBITDA** (earnings before interest, taxes, depreciation, amortisation and non-recurring expenses represents the Group's operating earnings over a certain period of time).

KPIs	2021	2020
in € thousand		
Billings	656,474	652,756
Revenue	83,334	87,023
Adjusted EBITDA	27,734	12,744

In 2021, billings rose slightly by 1% (€3,718 thousand) while revenue decreased by 4% (€3,689 thousand). Including reimbursements of €3,450 thousand from insurance to compensate for jackpot winnings (which have a negative impact on revenue) from the 'freiheit+' charity lottery included in other operating income, revenue only decreased by €239 thousand. Despite a much weaker jackpot situation than in 2020, we succeeded in keeping our business volume stable on the whole. In view of the environment, we used marketing expenses efficiently and were thus able to raise adjusted EBITDA by 118%.

OTHER FINANCIAL PERFORMANCE INDICATORS

We also report the following other financial performance indicators:

- **Gross margin**: ratio of revenue (excluding intercompany cost allocation) plus reimbursements from insurance to compensate for jackpot winnings to billings.
- **CPL** (cost per lead): acquisition costs per new registered customer (not including CRM costs, customer service, etc.) which we use to monitor the efficiency of our marketing efforts. (The number of new registered customers is defined as part of the key non-financial performance indicators).
- **ABPU** (average billings per user per month): key figure for average billings per customer, in other words the average net billings (billings net of discount and redeemed vouchers) received from each active customer in a given month. It is calculated by dividing monthly net billings by monthly average active users and measures our ability to increase the loyalty and value of our customers.

Other financial performance indicators developed as follows in 2021:

At 12.2%, our gross margin in the Germany segment remained stable at the prior-year level (2020: 12.3%). With a stable CPL of €27.94 (2020: €27.79), we succeeded in gaining 544 thousand new registered customers (2020: 918 thousand). At €56.77, ABPU was on a par with the previous year (2020: €55.07).

ZEAL has entered into agreements with partners in Spain and Germany to provide IT and marketing services or the operation of their own online lottery services (B2B and business services). The financial effects from these agreements are included in full in the statement of comprehensive income and the statement of financial position. For contractual reasons, billings, CPL or new registered customers do not include the results from the ONCE business.

LOTTO24 AG has two major partners for these integrated services with web.de and gmx.net. The billings from these services and the corresponding revenues are included in our figures but not disclosed separately for contractual reasons. Customers generated via these partners are therefore not included in the 'Number of new registered customers'.

KEY NON-FINANCIAL PERFORMANCE INDICATORS

In addition to our key financial performance indicators, since the Business Model Change, we also use certain non-financial KPIs to help steer the business:

- The number of **new registered customers:** customers who have successfully completed the registration process on our websites. This number is disclosed after adjustment for duplicate registrations and de-registrations. It amounted to 544 thousand in 2021 (2020: 918 thousand).
- **MAU** (monthly average active users): key figure for the average number of active users per month, in other words the number of customers who have either purchased a ticket or participated in a draw in a given month (including free bets); this figure provides a measure of our ability to retain and attract new customers. At 964 thousand in 2021, this figure was on a par with the previous year (2020: 986 thousand).
- We want to grow faster than our competitors. **Our market share of the online lottery segment** indicates the extent to which we are achieving this aim.
- **Customer satisfaction:** an important element of our business is the loyalty of our existing customers, whose satisfaction is measured by annual surveys.
- **Support for good causes** plays an important role in our business model: according to the German Association of State Lottery Companies (DLTB), approximately 40% of stakes are donated to good causes. In the case of social lotteries, like 'Deutsche Fernsehlotterie' and 'freiheit+', at least 47% of stakes are made available for good causes in the form of taxes and duties. In total, our brokerage activities under the LOTTO24 and Tipp24 brands provided €246 million of support for important social and community projects in fiscal year 2021 (2020: €246 million).

Performance indicator	**2021**	2020	Outlook 2022
Online market share[1]	39%	41%	Stable
Customer satisfaction[2]			
– LOTTO24	89%	81%	Still very high
– Tipp24	88%	82%	Still very high
Contributions to good causes[3]	€246 million	€246 million	Rising

[1] Source: German Association of State Lottery Companies (DLTB)/German Lottery Association (DLV)
[2] Source: Customer satisfaction survey in November-December 2021 as well as November 2020
[3] incl. DLTB, 'Deutsche Fernsehlotterie' and 'freiheit+'

RESEARCH AND DEVELOPMENT

As a customer-centric technology group, we enhance our own core competencies while developing and operating our platform and central systems ourselves. In this way, we can align software with operational processes and customer needs as efficiently as possible. Whether lottery ticket submission, payment, registration, data modification, the organisation of our own lotteries under notarial supervision or the establishment and operation of B2B integrations of our software by partners – the necessary developments and improvements are prioritised and scheduled via a planning and target system (Objectives & Key Results, OKR).

A major task in 2021 was the conversion of numerous components to meet the requirements of the new State Treaty on Games of Chance. Thanks to the successful migration of LOTTO24 customers to the Group's shared platform in the fiscal year 2020, we achieved important synergies in operation and ongoing development in the field of app development. With 'Deutsche Sportlotterie', we integrated a further attractive product into our portfolio. In addition, we developed a new and innovative offer for the German lottery market with 'Deutsche Traumhauslotterie'. As part of this process, we substantially modernised the software areas involved in the development of new lottery products and made important product and compliance preparations for the launch of virtual slot machine games.

In order to complete the transition to a fully service-oriented architecture (SOA), work also began on extracting and revising the remaining components of the old, monolithic software architecture. This work will probably take another 18 months.

CORPORATE GOVERNANCE STATEMENT ACCORDING TO SECTIONS 315D AND 289F HGB

The Corporate Governance Statement pursuant to sections 315d and 289f HGB was published on ZEAL's corporate website at zealnetwork.de and is also printed on page 21. Pursuant to section 317 (2) sentence 6 HGB, the auditor's review of the disclosures pursuant to section 315d and section 289f HGB is restricted to whether the disclosures have been made.

Economic Report

REGULATORY CONDITIONS

STATE TREATY ON GAMES OF CHANCE

In Germany, the offering of lotteries via the Internet is regulated by the German State Treaty on Games of Chance ('Glücksspiel-Staatsvertrag' – GlüStV). The current GlüStV came into force on 1 July 2021. It enables the ZEAL Group – as in the previous years – to broker state-permitted lottery products via the Internet. Our subsidiary LOTTO24 AG holds the corresponding permit. The GlüStV has no expiry date and can be terminated by individual federal states no sooner than 31 December 2028. The states have agreed to regularly evaluate the impact of the current GlüStV. Two evaluations are to be presented in the form of interim reports by 31 December 2023 and 31 December 2026. In contrast to the previous State Treaty, the GlüStV includes new permit models for virtual slot machines (online games), sports betting (online and offline) and online poker, as well as a license model for online casinos. This followed several months of political debate on the degree of market opening, especially for online games and online casinos. Germany's federal states are planning to establish a national gambling supervision authority. The powers currently spread among the various federal states are to be gradually transferred to this central authority by 1 January 2023. The Gambling Council, which was previously used to bundle the decisions of the federal states, is to be dissolved in the medium term. Existing game and brokerage permits held by providers already active on the market (for example of LOTTO24 AG), retained their validity beyond 30 June 2021 for a further calendar year.

The GlüStV includes regulations affecting all game formats, which are also relevant for commercial game brokerage (for example on player identification, advertising or blacklists). As expected, Germany's federal states have maintained their state monopoly for lotteries, with the exception of lotteries with low risk potential (charity lotteries). Moreover, the GlüStV makes a distinction in many areas between classic lottery offerings, with no more than two draws per week, and all other offerings, such as sports betting and online games, as well as online instant lotteries and 'Keno'. The specific regulations for commercial lottery brokerage remained largely unchanged.

In addition, the previous requirement to strictly separate gaming formats on different websites was abolished. Subject to certain restrictions, game providers are now permitted to offer different game formats via the same Internet domain.

PERMITS TO BROKER AND ORGANISE GAMES OF CHANCE

On 24 September 2012, LOTTO24 AG first received the permit allowing it to broker state lotteries via the Internet throughout Germany. With a decision dated 26 July 2017, the Ministry of the Interior for Lower Saxony granted an extension permit valid until 30 June 2021. In accordance with section 29 GlüStV, the validity of this permit was extended until 30 June 2022 when the new State Treaty on Games of Chance came into force. In December 2021, LOTTO24 AG already applied for a nationwide lottery brokerage permit for the period starting 1 July 2022. We expect that the permit will be issued, as in 2012 and 2017, in good time before the existing permit expires and thus within the second quarter of 2022.

With a decision dated 29 March 2018, the responsible Ministry of the Interior for Lower Saxony granted LOTTO24 AG the first permit for the online brokerage of state-operated instant lotteries (scratch cards). It now applies to the federal states of Lower Saxony, Saxony, Hesse and North Rhine-Westphalia, where the state lottery companies have also received a corresponding game permit. As a result, more than 50% of the adult German population already have access to scratch cards on the Internet. We intend to apply for the corresponding supplements in the states of Schleswig-Holstein and Baden-Württemberg in the near future.

In addition, LOTTO24 AG has a permit for the nationwide brokerage of the charity lotteries 'Deutsche Fernsehlotterie', 'freiheit+' and 'Deutsche Traumhauslotterie', as well as for the brokerage of 'Deutsche Sportlotterie' in the state of Hesse.

In July 2021, and thus directly at the beginning of the application phase, LOTTO24 AG already applied for a permit to operate virtual slot machine games (online games).

According to the provisions of the GlüStV 2021, there is no need for a separate advertising permit. However, the previous advertising restrictions continue to apply under law until 30 June 2022. In future, advertising law requirements will be applied via corresponding ancillary provisions in the nationwide brokerage permit.

ECONOMIC CONDITIONS

STABLE STAKES IN GERMAN LOTTERY MARKET

According to its own figures, stakes received by DLTB fell slightly by 0.3% to €7.9 billion in fiscal year 2021 (2020: almost €7.9 billion). With stakes of €4.0 billion, the lottery 'LOTTO 6aus49' remained Germany's most popular lottery with around 51% of total stakes (2020: €3.98 billion). Despite a weaker jackpot development than in the previous year, the European lottery 'Eurojackpot' remained the second most popular lottery product in 2021 with stakes of around €1.4 billion (2020: €1.47 billion). Other DLTB products include 'Spiel 77', 'Sofortlotterien', 'Super 6', 'GlücksSpirale', 'Oddset', 'Keno', 'Bingo', 'Toto', 'Plus 5', 'Sieger Chance' and 'Deutsche Sportlotterie'.

LOTTO24 AND TIPP24 STILL HOLD STRONG MARKET POSITION

According to information of DLTB and the German Lottery Association ('Deutscher Lottoverband', DLV), online revenue of state lottery companies and permitted private brokers has been steadily rising: starting at €35 million in 2012, revenue reached €1,587 million in 2020 and rose further to around €1,663 million[1] in 2021. This corresponds to an online share of total German lottery stakes of 21% in 2021 (2020: 20%). In view of these figures, our market share fell slightly to 39.4% compared to 2020 (41.1%).

[1] Due to the low response rates from other commercial gaming brokers to the 2021 survey, we decided that the results were not representative and instead used the 2020 stakes of these brokers as the basis for calculation.

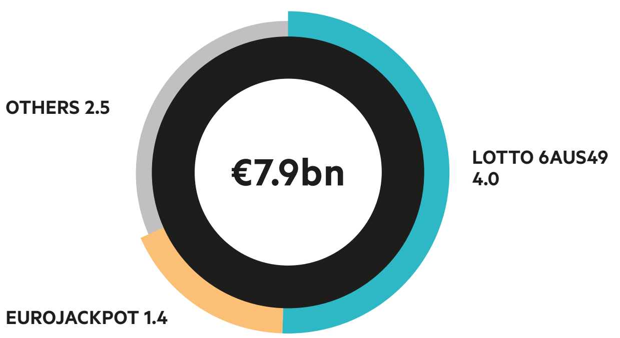
HUGE POTENTIAL OF ONLINE SEGMENT

Around 69.4 million adults live in Germany[1], of whom 28.9 million play lotto occasionally or regularly[2]. This corresponds to almost 42% of all adult Germans. According to our latest survey of 4,076 internet users in November 2021, as many as 49% of respondents had played lotto in the last six months. It is interesting to note that the share of offline lottery players surveyed who can imagine playing lotto online in future has risen from 48% to 69% since 2020. Translated to 28.9 million lotto players, this represents a market potential of 19.9 million potential online lotto players. Based on the total volume of the German lottery market (DLTB products plus class and charity lotteries) of around €9.0 billion[3] (of which around €7.3 billion offline), this corresponds to potential total online lottery revenue of €6.7 billion (€5.0 billion more than the current online lottery market volume of €1.7 billion).

[1] Source: Statistisches Bundesamt © Statista 2021, 'Bevölkerung - Zahl der Einwohner in Deutschland nach relevanten Altersgruppen am 31 December 2020 (in Millionen)'
[2] Source: IfD Allensbach © Statista 2021, 'Anzahl der Personen in Deutschland, die Lotto oder Toto spielen, nach Häufigkeit von 2017 bis 2021 (in Millionen)'
[3] Source: Goldmedia 'Glücksspielmarkt Deutschland 2020', June 2020

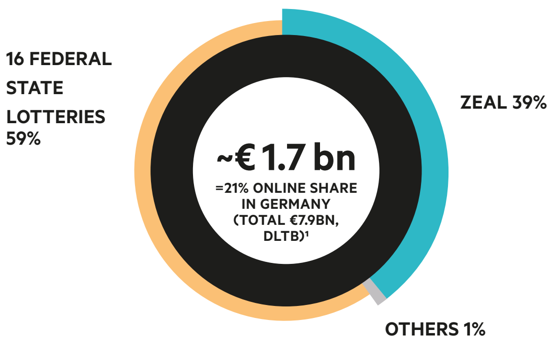
Even though the German online lottery market has not yet reached the level of other European countries or comparable industries in the e-commerce sector, the development of recent years indicates a consistent upward trend – Germany is catching up. We believe that this growth is likely to continue in the coming years. This opinion is supported in particular by the following factors:

STAKES DEUTSCHER LOTTO- UND TOTOBLOCK 2021
in € billion



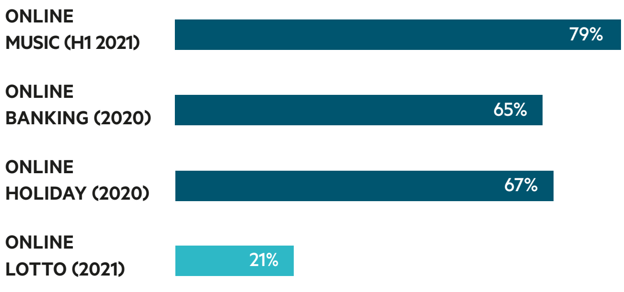
[1] According to information of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock, DLTB')

SHARE OF ONLINE MARKET 2021



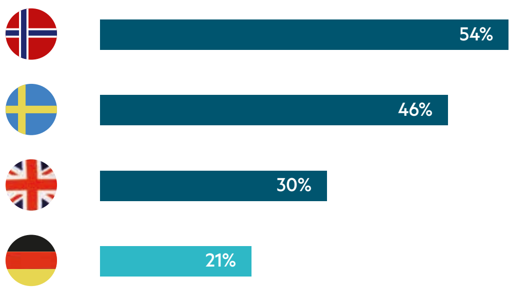
[1] Source: According to information of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock, DLTB') and calculations of the German Lottery Association ('Deutscher Lottoverband, DLV')

ONLINE MARKET SHARES[1]



[1] Source: BVMI Half-Year Report 2021, Eurostat © Statista 2021, vir, Daten & Fakten zum Online-Reisemarkt 2021

MARKET POTENTIAL[1]



[1] Source: La Fleur's 2020 European Lottery Abstract (based on figures for 2019) and German Association of State Lottery Companies (DLTB)/German Lottery Association (DLV) (based on figures for 2020).

- As online lottery offerings were completely forbidden until mid 2012, we anticipate further strong growth in stakes. Compared with foreign online lottery markets, which were less strictly regulated in the past, we expect above-average growth for Germany in the medium term.
- The online share of the lottery market in countries with an online affinity such as Norway (54%[1]), Sweden (46%[1]) and the UK (30%[1]) is much higher than in Germany.
- The growing importance of e-commerce as a sales channel and mobile offerings are also strengthening this trend: in the first half of 2021, the proportion of music sold online in Germany was already 79%[2]. In 2020, 65% of the German population used the Internet for banking[3] and 67% of trips were sold online in 2020[4].

[1] Source: La Fleur's 2020 European Lottery Abstract (based on figures for 2019)
[2] Source: BVMI Half-Year Report 2021
[3] Source: Eurostat © Statista 2021, 'Anzahl der Bevölkerung in Deutschland, die das Internet für Online-Banking nutzen, in den Jahren 2006 bis 2021'
[4] Source: vir, 'Daten & Fakten zum Online-Reisemarkt 2021'

Based on the medium to long-term assumption of an online share of 50% of the total German lottery market (DLTB plus charity lotteries, GKL and other regulated lotteries) of €9.0 billion[1], this would also result in an online lottery market potential of €4.5 billion. As our objective is to further expand our own market share to 50%, our long-term billings potential would therefore lie beyond the €2 billion mark.

[1] Source: Goldmedia 'Glücksspielmarkt Deutschland 2020', June 2020

ADVERTISING AND COMPETITION

Our success is largely determined by the scope and effectiveness of our marketing measures – especially new customer acquisition. In addition to the regulatory conditions, our key performance indicators (KPIs) are also influenced by the number of competitors aggressively advertising their online lottery services. Our main competitors are the state lottery companies, with their joint platform lotto.de, and foreign secondary lottery companies which are not permitted to operate in Germany.

According to information of the relevant Ministry of the Interior for Lower Saxony, 15 private commercial gaming brokers had valid brokerage permits at the end of the reporting period – in addition to the state-owned companies. However, the advertising activities of our private competitors with permits in Germany were very modest in 2021.

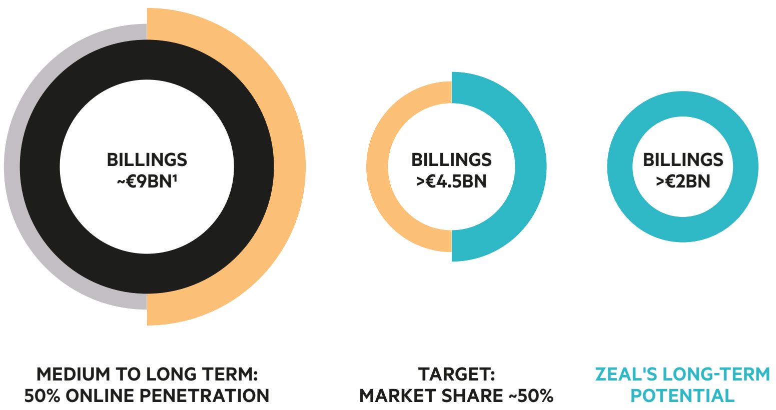
The advertising pressure from secondary lottery providers with no German permit has declined. This is due to both a stricter approach by the relevant regulatory authorities and competition law proceedings brought by certain state lottery companies.

WEAK MARKET ENVIRONMENT

Jackpots are a major driver of our billings volume. We expect particularly strong increases in the activity rate and number of registered customers when potential players have greater expectations of exceptional winnings, in other words whenever there are large jackpots.

In 2021, the jackpot development of the various lotteries was unfavourable for us. Despite the positive effect of the product change of DLTB in September 2020 – among other things, by raising the first prize category to €45 million and the billings-increasing price rise – the average jackpot of the German lottery 'LOTTO 6aus49' in 2020 was 19% below the previous year. The mandatory payout mark for 'LOTTO 6aus49' was not reached

OUR VISION



[1] *Source: Goldmedia 'Glücksspielmarkt Deutschland 2020', June 2020*

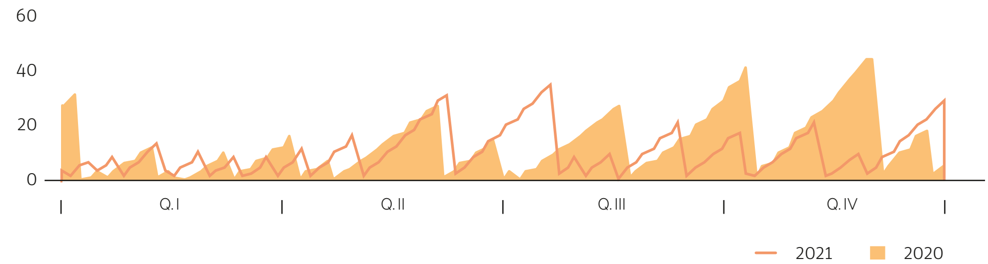
at all in 2021 – compared to three mandatory payouts in the fiscal year 2020. The average jackpot of the European lottery 'Eurojackpot' was also 22% down on the previous year and only reached the €90 million mark three times (2020: six times).

The general environment for online marketing was also particularly dynamic in 2021. The first few months of the year were still dominated by coronavirus measures, contact restrictions and lockdowns – resulting in an accelerated transition of customers from offline to online purchases but also in higher media price volatility. Overall, high marketing demand in many channels

JACKPOT DEVELOPMENT LOTTO 6AUS49 AND EUROJACKPOT

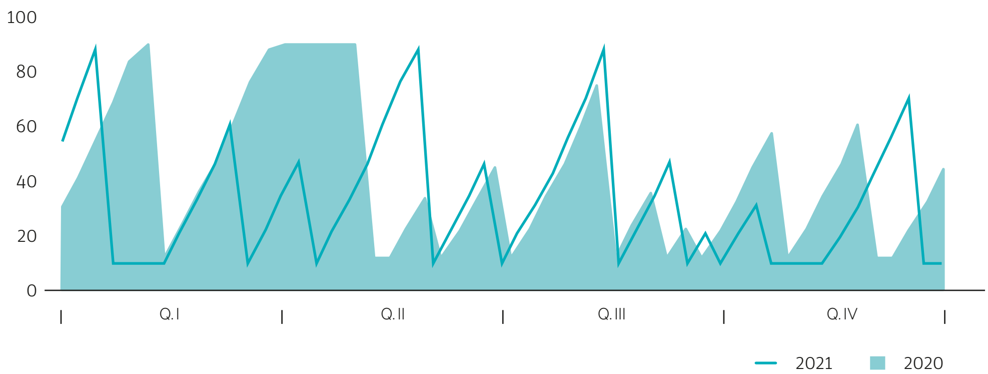
LOTTO 6aus49

in € million



Eurojackpot

in € million



exceeded the available supply, which made it more expensive. The second half of the year was marked by a measurable decline in interest, also among existing clients. Our internal analyses suggest that in the opening-up phases after winter months dominated by corona restrictions, customers were more interested in catch-up activities such as meeting friends, travelling and eating out. According to our latest forecasts, however, this effect is only temporary and can not only be observed for our offerings but for the whole lottery market. Thanks to our multi-brand strategy and data-centric approach, we achieved targeted marketing successes once again in the reporting period.

BUSINESS DEVELOPMENT

COMPARISON WITH PRIOR-YEAR GUIDANCE

Due to the weak jackpot development of the 'Eurojackpot' and 'LOTTO 6aus49' lotteries, there were fewer opportunities than originally expected to increase our business volume in fiscal year 2021. In view of this environment, we carefully targeted our expenses for new customer acquisition. Due to the nature of our business model, however, this resulted in a significant increase in profitability. We therefore upgraded our guidance in November 2021 and even exceeded this 25% increase in our EBITDA forecast by the end of the year.

GUIDANCE COMPARISON	Guidance (25.03.2021/03.11.2021)	2021	2020
		Actual	Actual
Billings (€ million)	At least 700/ around 650	656.5	652.8
Revenue (plus reimbursements from jackpot insurance[1]) (€ million)	At least 95/ around 86	86.8	87.0
Adjusted EBITDA (€ million)	At least 20/ around 25	27.7	12.7

[1] Income from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery. This income is disclosed as other operating income while jackpot winnings themselves reduce revenue. Further details are provided in notes 4 and 5 to the Consolidated Financial Statements.

POSITION

EARNINGS POSITION

The following table details the Consolidated Income Statement of ZEAL Group for the fiscal year 2021:

	2021	2020	Change in %
in € thousand			
Revenue	83,334	87,023	-4%
Other operating income	4,610	3,633	27%
Personnel expenses	-19,048	-21,870	-13%
Other operating expenses	-41,115	-56,292	-27%
Marketing expenses	-22,359	-32,183	-31%
Direct cost of operations	-9,579	-10,840	-12%
Indirect operating expenses	-9,177	-13,269	-31%
Exchange rate differences	-48	250	-119%
Adjusted EBITDA	**27,734**	**12,744**	**118%**
Non-recurring income and expenses	-	4,587	-100%
EBITDA	**27,734**	**17,331**	**60%**
Amortisation and depreciation	-8,689	-11,956	-27%
EBIT	**19,045**	**5,375**	**254%**
Financial result	**-2,091**	**2,694**	**-178%**
Share of loss from associates	-300	-213	41%
Net profit before taxes	**16,654**	**7,856**	**112%**
Income taxes	-5,251	37	-14,346%
Net profit	**11,404**	**7,893**	**44%**
Earnings per share for profit attributable to shareholders of the parent company			
Basic and diluted earnings per share (in €/share)	0.48	0.37	30%

REVENUE AND OTHER OPERATING INCOME

In the fiscal year 2021, revenue declined by 4% (€3,689 thousand). Including reimbursements of €3,450 thousand from insurance to compensate for jackpot winnings (which have a negative impact on revenue) from the 'freiheit+' charity lottery included in other operating income, revenue only decreased by €239 thousand. In the Germany segment, revenue even increased by 2% (€1,917 thousand), in line with the general growth of 1% (€3,718 thousand) in our domestic billings. By contrast, revenue in the Other segment fell as a result of contractual changes.

In the fiscal year 2021, other operating income mainly comprised insurance reimbursements received for three major wins of the 'freiheit+' charity lottery, each amounting to €1,150 thousand. In the fiscal year 2020, income was mainly from the Business Model Change recognised in 2020, especially from the derecognition of inactive customer accounts amounting to €523 thousand (2021: €130 thousand), as well as a gain of €300 thousand from selling Ventura24 Games S.A.. There was no such income in the fiscal year 2021.

PERSONNEL EXPENSES

In 2021, personnel expenses fell by 13% (€2,822 thousand) compared to 2020. This fall was mainly due to a reduction in variable remuneration of €2,113 thousand. Due to the increase in the ZEAL share price in the previous year, provisions for long-term incentives were formed and thus led to an additional personnel expense. In addition, higher short-term incentives were also paid in 2020, compared to 2021. Finally, the average number of employees (FTEs, excluding students and temporary staff) also decreased from 161 to 157 (2%).

OTHER OPERATING EXPENSES

Other operating expenses declined in total by 27% (€15,177 thousand):

- **Marketing expenses** decreased by 31% (€9,823 thousand) due to the much weaker jackpot situation compared with the fiscal year 2020. Spending volumes – especially for new customer acquisition – are constantly adapted according to the jackpot and market environment in order to target them effectively.
- We reduced **direct operating expenses** by 12% (€1,261 thousand), due in part to the termination of software licences and savings on telecommunication costs.
- **Indirect operating expenses** declined in total by 31% (€4,092 thousand), partly as a result of savings in services and external staff (€1,805 thousand). In the previous year, costs for external services relating to the merger of the LOTTO24 and ZEAL platforms were incurred. In addition, provisions of €930 thousand were reversed in the fiscal year 2021 for anticipated, but since resolved legal disputes.

ADJUSTED EBITDA

In the fiscal year 2021, adjusted EBITDA rose by 118% (€14,990 thousand), driven by a decrease in marketing expenses, personnel expenses and other operating expenses.

NON-RECURRING INCOME AND EXPENSES

There were no non-recurring income and expenses in the fiscal year 2021, whereas in 2020 we recognised non-recurring income of €4,587 thousand mainly due to a net repayment of stamp duty reserve tax from the UK tax authority HMRC amounting to €3,656 thousand. The remaining income related to reversals of provisions for legal costs (€200 thousand) and for restructuring costs (€731 thousand) recognised in previous years.

AMORTISATION AND DEPRECIATION

Amortisation and depreciation fell by 27% (€3,267 thousand) in the fiscal year 2021. This was mainly due to the complete write-down of the former LOTTO24 platform by €1,975 thousand recognised in fiscal year 2020, following the successful migration of LOTTO24 customers to the joint ZEAL Group platform. In addition, the amortisation of right-of-use assets decreased by €751 thousand due to the return or sub-letting of office space in Hamburg and London.

FINANCIAL RESULT

There was a net financial expense of €2,091 thousand in 2021 (2020: income of €2,694 thousand), corresponding to a decrease of 178% (€4,785 thousand) compared to 2020. This decline was primarily driven by the following factors:

- An adjustment to the calculation of interest income on the advance payment made in January 2020 on the disputed VAT liability of previous years. Following the Federal Constitutional Court's ruling that the statutory interest rate of 6% p.a. was unconstitutional, we adapted it to an assumed rate of 1.8% p.a. In 2021, therefore, we disclosed a net expense from this advance payment of €937 thousand, whereas in 2020 we disclosed income of €2,154 thousand. Further details are provided in note 17 to the Consolidated Financial Statements.
- A disposal gain of €1,071 thousand recognised in fiscal year 2020 following an agreement to sub-let offices in London. Further details are provided in note 27 to the Consolidated Financial Statements.

TAX

The expected tax charge based on the average tax rate of 32% (2020: 32%) amounts to €5,376 thousand (2020: €2,536 thousand) compared to the actual tax expense recorded of €5,251 thousand (2020: income of €37 thousand). The most significant drivers of the tax charge being higher than the effective rate are described below:

- Tax expense of €127 thousand (2020: tax income of €1,993 thousand) on non-deductible expenses, adjustments in respect of foreign tax rates and non-taxable income.
- Tax income of €199 thousand (2020: tax income of €532 thousand) in respect of adjustments relating to the prior years.
- Tax income of €329 thousand (2020: tax income of €210 thousand) on tax losses carried forward for which no deferred tax asset was recognised.
- Positive changes (tax income) in deferred tax assets and liabilities of €129 thousand (2020: tax expense of €162 thousand), resulting mainly from tax losses carried forward, expected to be used up in the coming years.
- Positive result adjustment of €405 thousand (2020: €0 thousand) from the consolidation.

ANALYSIS OF THE GROUP'S OPERATING SEGMENTS

SEGMENT REPORTING 'GERMANY'	2021	2020
in € thousand		
Revenue	78,473	80,005
Other operating income	4,596	3,642
Personnel expenses	-17,967	-20,258
Other operating expenses and exchange rate differences	-38,609	-51,639
Non-recurring income and expenses	–	4,587
EBITDA	**26,493**	**16,337**

Revenue in the Germany segment fell slightly by 2% (€1,533 thousand). Including income of €3,450 thousand from jackpot insurance, our revenue rose by 2% (€1,917 thousand), which is generally in line with the growth of 1% (€3,718 thousand) in our domestic billings. Due to the weak jackpot situation of the 'Eurojackpot' and 'LOTTO 6aus49' lotteries in the fiscal year 2021, the opportunities for growth by means of marketing activities were limited. As a result, other operating expenses for marketing fell significantly year on year. Together with other cost savings, we succeeded in improving EBITDA by 62% (€10,156 thousand).

SEGMENT REPORTING 'OTHER'	2021	2020
in € thousand		
Revenue	4,862	7,018
Other operating income	14	-9
Personnel expenses	-1,081	-1,612
Other operating expenses and exchange rate differences	-2,553	-4,403
Non-recurring income and expenses	–	–
EBITDA	**1,242**	**994**

The decrease in revenue of 31% (€2,156 thousand) in the Other segment mainly relates to games and infrastructures agreements terminated in the fiscal year 2020.

FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF CAPITAL MANAGEMENT

Capital management is operated centrally from the Group's registered office in Hamburg. Only operating capital management for the online-brokerage business is handled by the subsidiary LOTTO24 AG.

The principles and objectives of the Group's capital management are as follows (the risks to which ZEAL is exposed are described in the risk report on pages 56 to 60):

- Cash and cash equivalents 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 over-riding objective of our investment strategy is to preserve capital – even at the expense of expected returns.
- Equity in excess of those funds required to ensure the Group's stable financial position is to be used for investments in line with our growth strategy.
- There is potential for optimising the capital structure, which can be funded by further interest-bearing debt. On 16 July 2021, we signed an Instalment Loan Agreement with Commerzbank AG for an amount of €50,000 thousand, of which we had drawn €8,700 thousand as at year-end 2021. In addition, we have an amount of €7,000 thousand from a credit facility agreement which we have not been used so far.
- Further information can be found in note 31 to the Consolidated Financial Statements.

At the Annual General Meeting on 30 June 2022, we will propose a dividend of €2.10 per share (2020: €0.90 per share), representing a total payout to shareholders of around €47.0 million (2020: €20.2 million). The dividend will consist of a basic dividend of €1.00 and a special dividend of €1.10. The payment of the special dividend is a further step towards optimising the Company's capital structure.

INVESTMENT ANALYSIS

In the reporting period, we invested €402 thousand (2020: €641 thousand) in software and hardware needed for operations, as well as in business intelligence systems and workplace equipment. We invested a further €405 thousand in our associated companies TH Travel Limited and Furlong Gaming Limited. In the course of the delisting of LOTTO24 AG and our public purchase offer, we acquired 22,834 LOTTO24 shares for a total price of €8,699 thousand.

LIQUIDITY ANALYSIS

	2021	2020
in € thousand		
Key cash flows		
Net cash inflow from operating activities	26,156	5,371
Net cash outflow from investing activities	-411	-51,051[1]
Net cash outflow from financing activities	-21,816	-21,539[1]
Other changes in available funds	109	–
Total change in available funds	**4,038**	**-67,219**
Available funds at the beginning of the period	86,061	153,280
Available funds at the end of the period	90,100	86,061

[1] The statement of cash flows for the fiscal year 2020 was adjusted in order to disclose payments for the acquisition of non-controlling interests as a cash outflow from financing activities. Further details can be found in note 2.24 to the Consolidated Financial Statements.

The net cash inflow from operating activities in 2021 amounted to €26,156 thousand (2020: €5,371 thousand). This inflow resulted mainly from the positive EBITDA of €27,734 thousand.

Net cash outflow from investing activities in 2021 amounted to €-411 thousand (2020: €-51,051 thousand). Cash outflow in 2020 resulted in particular from the interim VAT payment of €54,316 thousand made in January 2020 for disputed VAT liabilities.

Net cash outflow from financing activities in 2021 amounted to €-21,816 thousand (2020: €-21,539 thousand). This outflow consists of dividend payments of €20,131 thousand (2020: €17,887 thousand) and lease payments of €1,824 thousand (2020: €2,983 thousand) made by the Group for its offices in London and Hamburg. The payments received of €8,700 thousand from the partial drawing of an instalment loan with Commerzbank were used to finance payments of €8,699 thousand for the purchase of LOTTO24 shares as part of the delisting offer.

As of 31 December 2021, there was a corresponding increase in cash, pledged cash and cash equivalents of €4,038 thousand to €90,100 thousand (31 December 2020: €86,061 thousand).

ASSET POSITION

Total non-current assets decreased by €60,534 thousand from €387,601 thousand at 31 December 2020 to €327,067 thousand at 31 December 2021. This decline is mainly due to the reclassification of the advance payment on disputed VAT liabilities (€56,470 thousand at 31 December 2020) from non-current to current assets. Further effects include scheduled amortisation of the customer list acquired during the LOTTO24 takeover amounting to €7,366 thousand, the utilisation of deferred tax assets of €4,944 thousand and an adjustment of goodwill amounting to €2,300 thousand. This was opposed by an increase of €9,011 thousand in the valuation of our investment Omaze Inc.

Current assets mainly comprise cash, cash equivalents and pledged cash of €90,100 thousand (2020: €86,061 thousand), the reclassified advance payment to the tax authorities of €55,534 thousand (2020: €56,470 thousand non-current) and receivables from gaming operations of €22,569 thousand (2020: €11,481 thousand).

LIABILITIES

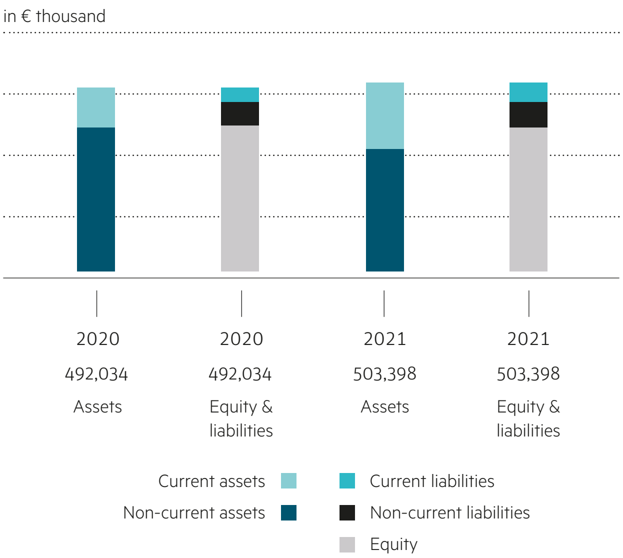
Total liabilities increased from €98,772 thousand at 31 December 2020 to €118,456 thousand at 31 December 2021. This movement was mainly due to the increase in liabilities from gaming operations of €10,765 thousand, and the drawing of €8,700 thousand from the loan facility provided by Commerzbank.

EQUITY

Equity decreased by €8,319 thousand to €384,942 thousand (2020: €393,262[1] thousand). This decline was primarily driven by the dividend payment of €20,127 thousand and the purchase of non-controlling interests of €6,910 thousand. This was offset by the net profit of €11,404 thousand and other comprehensive income of €9,088 thousand.

[1] *Equity as of 31 December 2020 as disclosed in the Annual Report 2020 has been adjusted to reflect the retrospective restatement of consolidated net profit for 2019 in accordance with the findings of the German Financial Reporting Enforcement Panel ('Deutsche Prüfstelle für Rechnungswesen DPR e.V.'). Further details can be found in note 2.14 to the Consolidated Financial Statements.*

BALANCE SHEET STRUCTURE



ASSETS NOT RECOGNISED

ZEAL has not recognised any internally generated assets in its Consolidated Financial Statements. Employee costs incurred in 2020 and 2021 for the development of new gaming software were not capitalised as they did not meet all criteria set out in IAS 38, 'Intangible Assets'.

OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS

Off-balance-sheet financial instruments did not play a significant role in financing ZEAL in 2021. As at 31 December 2021, we had not utilised any bank guarantee facilities (31 December 2020: €3,139 thousand). These guarantees were required to obtain certain licences and to secure future obligations under rental agreements for office space. In the course of the fiscal year 2021, these guarantees were terminated.

OVERALL ASSESSMENT

Despite the weak jackpot development of the 'Eurojackpot' and 'LOTTO 6aus49' lotteries, we succeeded in keeping our business volume stable. In this unfavourable environment, we carefully targeted our expenses for new customer acquisition and significantly reduced our marketing spend. In addition, we were able to save costs in other areas and thus strongly improve our profitability: in the reporting period, adjusted EBITDA of €27,734 thousand exceeded the prior-year figure by €14,990 thousand.

SUBSEQUENT EVENTS

Ukraine conflict leads to increased uncertainties for the global economy and for our customers

The escalation of the Russia-Ukraine crisis, which led to the start of a military conflict on 24 February 2022, is burdening the development of the global economy and may also lead to uncertainties for the customers of the ZEAL Group. Even though the ZEAL Group has no direct relationships with companies and customers in the affected countries and, due to its business model, does not expect any significant negative effects from supply chain bottlenecks or the development of energy prices, the Management Board is unable to conclusively assess how the uncertainties likely to arise from this situation will affect demand and thus its future business development.

Report on Expected Developments and Associated Material Opportunities and Risks

RISK REPORT

Our business models and ventures are influenced by a number of factors – these include the legal and macroeconomic conditions, the retention of relevant local permits, and business or other contractual relationships. On this basis, we make assumptions about our development and profitability, the level of billings and revenue, cost items, staffing, funding and key balance sheet items which may prove to be false or incomplete. There is no guarantee that ZEAL will be able to succeed in this environment in the long term. In particular, our continued growth depends on whether, and to what extent, we are able to gain new customers for ZEAL's products, to expand our current offerings, to add further products to the range and to establish new sales channels.

In the worst case, the business model may prove to be unprofitable or unfeasible. This may lead to impairment especially of capitalised non-current assets, as well as to other significant negative effects on the financial position and performance of ZEAL.

RISK AND COMPLIANCE MANAGEMENT

The Management Board of ZEAL Network SE has expanded the existing risk management system by including an integrated risk and compliance management system. To this end, we carefully monitor our market and competitive environment while analysing the identified risks and compliance fields in the course of regular risk management workshops. The insights this provides are used to swiftly introduce measures which will ensure the sustainable success of the Group and prevent infringements of compliance regulations.

ZEAL Network SE is exposed to the typical sector and market risks associated with the field of online gaming and lotteries. We define risks as being those events or developments which may have a negative impact on the Group or the attainment of our corporate objectives. In order to counter such risks, we have established a modern and comprehensive risk management system. Furthermore, we regularly monitor the adjustments and updates made to the security systems and processes of our service providers.

We monitor operating risks by means of regular risk management workshops for the Management Board and other executives and by constantly assessing risks with regard to their possible impact on relevant financial and non-financial performance indicators when the risk occurs. The assessment of the potential impact is conducted by means of quantitative or qualitative estimation. The quantitative impact is assessed using the potential impact on earnings (EBIT). The qualitative impact on our reputation is also taken into account. When assessing individual risks, we take into account existing risk mitigation measures. Our risk matrix contains the residual risk remaining after deducting risk-mitigating measures. From a quantitative amount of more than €5 million, we regularly monitor risks separately and report these in a highlighted form to the Management Board and the Supervisory Board.

We regularly evaluate the regulatory conditions, also with the aid of legal advisors, and can thus react swiftly and appropriately.

We are convinced that our early warning and risk management system is well suited to quickly recognise and deal with dangers for ZEAL resulting from possible risks. The risk early recognition system has been formally documented and is regularly monitored and adapted. Should one or more of the following risks occur, it may materially impact our business and have significant adverse effects on the financial position and performance of ZEAL Network SE.

ZEAL's compliance management system consists of a large number of in-house measures and processes. It serves our objective of acting in accordance with ethical principles and abiding by all applicable laws, internal regulations and voluntary commitments. In addition to the general compliance fields, we pay particular attention to complying with the special compliance fields of gambling regulation, data privacy, IT security, competition, corruption, occupational health and safety, working conditions, and general non-discrimination.

These special requirements are binding constituents of our Code of Conduct. All executives are required to live an exemplary risk culture through their own attitudes and actions which sets a tone from the top and encourages all employees to comply with the applicable regulations and strictly avoid any violations. Executives whose areas of responsibility have contact with compliance fields meet regularly in workshops to analyse and assess possible risks and determine appropriate measures. The Compliance Officer is responsible for the compliance management system and the coordination of the compliance workshops and reports directly to the Management Board.

We constantly review the effectiveness of our compliance management system and adapt it to developments, changed risks and new legal requirements. This ensures that its effectiveness and efficiency is continuously improved. We systematically and regularly minimise compliance risks across all business areas. The results of this analysis serve as the basis for our risk management.

In order to identify risks at an early stage, it is important that any fraud or misconduct by workers or officers of the organisation is reported and properly dealt with. A transparent, open and diverse organisational culture is vital in ensuring that individuals are willing to openly address misconduct or risks. ZEAL encourages a transparent, open and diverse corporate culture where people feel they can 'Think Brave' and raise concerns. The organisation therefore encourages all individuals to raise any concerns that they may have about the conduct of others in the business or the way in which the business is run. ZEAL has set up a whistleblowing system which employees or external whistleblowers can use to report compliance violations to ZEAL. The report can also be made anonymously.

The ZEAL Group processes the data of several million customers. As a leading online provider of state lottery products and a service provider for the operation of lotteries, the security and protection of our customers' personal data is our top priority. ZEAL strictly adheres to the legal requirements, in particular the General Data Protection Regulation (GDPR). An in-house specialist department is responsible for ensuring compliance with IT security. Data protection requirements are continuously monitored both internally and by an external data protection officer. The legal department and IT security department work closely together to ensure data protection and IT security. ZEAL operates an Information Security Management System (ISMS) and its essential data processing systems are certified according to ISO 27001. The ISMS defines and regulates the processing of personal data as well as the security of business-critical information, access controls and business continuity requirements. It is based on various guidelines that are implemented in the respective departments. Best practices and standards are continuously developed and integrated into the relevant processes.

MARKET AND SECTOR RISKS

Stronger competition

It cannot be ruled out that competition within the gambling sector in Germany will increase in the medium term. Following the implementation of the new GlüStV 2021, international sports betting and casino providers could enter the lottery brokerage business. At the same time, an expanded range of attractive gambling services could lead to a decline in lottery revenues. However, the increased enforcement of legal restrictions in recent years has put the secondary lottery business model under considerable pressure. We therefore expect weaker competition from foreign secondary lottery providers in the future. The medium-term success of the secondary lottery business model has therefore been fundamentally challenged and its further growth will be hampered. It will become increasingly difficult for the remaining providers to enter into successful advertising collaborations in order to ensure further growth. But, providers of secondary lotteries that have not been permitted to date could discontinue their current business model and seek to be granted a licence for lottery brokerage in Germany.

Default of strategic service providers

Strategically relevant service providers such as Amazon, Apple, Google or Facebook could refuse to cooperate with gambling providers or terminate existing agreements due to a shift in their internal corporate policies. There is therefore a risk that those companies cease to provide their services to us. In consequence LOTTO24's and Tipp24's advertising or relevant use of cloud services would be subject to significant limitations, which may result in a significant reduction of revenues and new customer figures.

Lower frequency of high lottery jackpots

Jackpots occur by chance due to certain conditions during lottery draws. It cannot be excluded, therefore, that there will be no such high lottery jackpots over a longer period of time. This could in particular lead to lower revenue and new customer figures due to a reduced interest to participate in lotteries.

LEGAL RISKS FROM THE REGULATORY DEVELOPMENT

Future development of legal situation in Germany remains uncertain

We have already reported on the general legal conditions and the resulting possible uncertainties in the section Legal Conditions. Compared to previous years, the regulatory risk has slightly decreased with the entry into force of the new State Treaty on Games of Chance. Although significant restrictions for online offers continue to exist under the new State Treaty. However, we believe that the legal certainty and predictability of the administrative enforcement of future ancillary provisions has improved. Nevertheless, given that the new State Treaty continues to contain uncertain enabling provisions, the following risks may continue to endanger the Group's future survival:

In Germany, the online distribution of state lotteries is only possible if the relevant brokerage permit and the advertising restrictions it contains have been granted. In the past, Lotto24 AG was granted the respective licences without any significant objections to the application documents, especially the concepts submitted. We assume that the licences to be granted in the future under the new State Treaty on Games of Chance will again be limited in time and subject to general revocation. It is unlikely, but cannot be excluded, that the existing or future brokerage permit may be withdrawn or not prolonged. Such a revocation or non-prolongation would significantly impede or even prevent the continued operation and expansion of business activities.

Due to the variety of indeterminate ancillary permit provisions and in some cases indeterminate legal bases for authorisation which are still anticipated, there will continue to be a considerable degree of legal uncertainty in the future compared to other sectors, but less so than in the past. Due to the broad discretionary powers of the authorities and the partial lack of clarity regarding the basis for authorisation, there is no effective temporary legal protection against regulatory measures. Enforceable restrictions of our offerings introduced by the authorities must be regularly observed initially – despite requests for temporary legal protection. This may lead to a temporary or permanent decline in revenue and new customer figures.

Future development of regulatory markets

ZEAL is active in several European jurisdictions. Each jurisdiction has different laws and regulations regarding gambling and lottery legislation that are not harmonised under European law. The conduct of ZEAL's business activities depends crucially on these regulatory environments. The offering of lottery and other gambling products is typically subject to restrictions, in particular the requirement that they must not be offered without permits, licences and other authorisations granted by the competent authority.

TAX RISKS

ZEAL is subject to various tax laws across several jurisdictions and dependent on their application and interpretation. Tax laws and administrative guidance (relating, among other things, to their interpretation or application) might be subject to changes, and such changes in tax laws, their interpretation or application could increase the future tax burden.

Uncertainty relating to the tax environment in Germany

There is still no final legal certainty as to whether VAT will have to be paid in Germany for certain services provided by the subsidiary myLotto24 Ltd in the period up to 15 October 2019 and as to the tax base on which any VAT payable would be calculated. This is due to uncertainties in connection with an amendment to the German VAT Act (UStG) that came into force on 1 January 2015. Until 31 December 2014, VAT amounts for electronically supplied services (ESS) to private consumers were accounted for based on the governing legislation of the country where the supplier was established (country of origin principle, in the case of myLotto24 Ltd the United Kingdom). With the amendments to the German VAT Act introduced on 1 January 2015, adjustments to the EU Directive on the common system of value added tax (EU VAT Directive) were implemented. Accordingly, the place of performance of ESS for VAT purposes is where the consumer resides. If the services provided by myLotto24 Ltd are to be classified as ESS, they would possibly be subject to VAT in Germany for the period 1 January 2015 to 15 October 2019 (effective date when the offer was discontinued after realignment of the business).

In late 2019, myLotto24 reached an agreement with the competent tax authority (Hannover-Nord) which eliminated the risk of default charges being levied and significantly reduced the scope of any interest payments. In January 2020, myLotto24 paid a partial amount of around €54 million to the tax office – without acknowledging any legal obligation – for VAT assessed for ESS taxable in Germany relating to its former secondary lottery business.

On 19 November 2019, the fiscal court of Hanover upheld the claim of myLotto24 Ltd against the VAT assessment. The tax office appealed against the ruling of the tax court to the Federal Fiscal Court. As the appeal proceedings have already been pending for more than two years, myLotto24 Ltd expects a decision by the Federal Fiscal Court in 2022 based on the usual duration of proceedings. We remain confident that the lawsuit brought by myLotto24 Ltd will also be upheld in the final instance. In this case, the VAT paid plus interest would be refunded to myLotto24 Ltd.

Uncertainty relating to the tax environment in Austria

In Austria, there are two separate legal systems for the taxation of gambling services. It is possible that the services provided by myLotto24 until October 2019 could be deemed taxable in Austria under these laws. The co-existence of the two laws leads to uncertainty In respect to the delimitation of the tax base. For games of chance, a taxation of 40% of gross gaming revenue could be applicable, whereas betting is currently only taxed at 4% of the gaming stakes.

LEGAL DISPUTES AND REGULATORY PROCEEDINGS

ZEAL Group entities are parties in various legal proceedings in connection with different aspects of gambling and tax law. LOTTO24 AG has initiated various court proceedings to review the legality of what it considers to be indeterminate and disproportionate restrictions of the permits already issued under the old State Treaty on Games of Chance as well as the permit fees charged. However, a final clarification of the fundamental questions has been made more difficult by the changed legal situation as of 1 July 2021 and the anticipated granting of a new brokerage permit. We do not expect any material effects on future business from the ongoing proceedings at present.

MYLOTTO24 CONTINUES TO CONTEST VAT ASSESSMENT

In proceedings brought by myLotto24 Ltd. ('myLotto24') against a VAT assessment relating to its former secondary lottery business, the fiscal court of Hanover upheld the 'myLotto24' claim on 19 November 2019. The competent tax authority appealed the ruling. Once again, no decision was made in the fiscal year 2021. However, the Federal Fiscal Court could make a decision on the matter in the course of 2022. In a previous decision on temporary relief, the fiscal court had dismissed myLotto24's application to order a stay of execution of VAT determined for the months May and June 2018 without the provision of security. The effect of the two decisions on the other affected periods from January 2015 to mid-October 2019 was therefore the subject of discussions between myLotto24 and the relevant tax authority in Hanover, with which myLotto24 reached an agreement in December 2019 in order to eliminate the risk of default charges being levied and significantly reduce the scope of any interest payments. In January 2020, myLotto24 paid a partial amount of around €54 million in VAT relating to its former secondary lottery business without acknowledging any legal obligation. ZEAL Network SE remains confident that the lawsuit brought by myLotto24 will be upheld in the final instance. In this case, the VAT paid plus interest (still to be determined) would be refunded to myLotto24.

OPERATING RISKS

Risks from gaming operations

- Dependency on complex IT systems: We are dependent on the use of automated processes for handling gaming agreements. Despite our extensive security provisions currently in place, the processing of the gaming agreements may be materially impacted by breakdowns of or disruptions to the IT systems. This may result from the destruction of hardware, system crashes, software problems, virus attacks, and the intrusion of unauthorised persons on the system, the encrypting of software or similar disruptions, and particularly the automated generation of mass mailing requests on a server via the Internet with the aim of significantly limiting its availability by overloading (denial of service attacks). Any adverse effect could, depending on its extent, result in damage to our reputation and financial losses.
- Data abuse by unauthorised persons: In the course of the registration process, our customers provide us with their personal details which are stored electronically and can be viewed by the customer on our website via the respective player account section. We have taken exhaustive steps to secure the data we store, which are regularly checked by independent security experts and continually adapted to state-of-the-art requirements. Despite these high security precautions, it cannot be fully excluded that unauthorised persons illegally gain access to our customer database or the customer database of our partners. This may lead to loss of revenue, damage claim obligations and considerable damage to our assets.
- Cooperation with external service providers: For the processing of our business, we depend on the cooperation with external service providers who have the specialist know-how and technologies. This applies to data and voice communication, procurement, installation, ongoing development, updating and maintaining hardware and software, data centre services, payment processing, text messaging and emailing. There is a possibility that one or more of the external service providers we use does not render the services, or not on time or not without errors. It is therefore possible that we may be unable to provide our own services on time or without error due to errors or oversights of the external service providers we have commissioned. This may lead to loss of income, damage claim obligations and considerable damage to our reputation.

Jackpot risk

We conduct various charity lotteries in Germany on behalf of BildungsChancen gGmbH. As executor, we bear the economic risk of prize payment obligations to the lottery participants. There is a risk that, especially during the start-up period with lower stakes, we will not generate sufficient funds to pay out high prize amounts in particular. In order to reduce the corresponding risk, we have taken out insurance to cover the largest pay-out risks – especially of the highest prize category.

Counterparty default

ZEAL frequently holds significant cash balances on deposit with financial institutions or has it invested on a short-term basis. These deposits, cash equivalents and other short-term equity funds and other contractual arrangements give rise to credit risks on amounts due from counterparties, including financial institutions. ZEAL may experience write-downs or severe delays in payments by counterparties or from investments made in start-ups. The financial failure of certain financial institutions where ZEAL holds balances could lead to a partial or complete loss of its deposits. Similarly, the collapse of individual issuers of cash equivalents may lead to the partial or complete loss of these cash equivalents.

OPPORTUNITY REPORT

INCREASING DIGITISATION OF MEDIA USAGE AND COMMERCE

Media consumption and commerce in Germany is becoming increasingly digital from year to year: customers are switching from print to Internet media, and from linear TV to video-on-demand services available on various devices. This change gives us the opportunity to benefit from the digital trend and possibly tap new marketing channels which will accelerate our growth by enabling easier access to our product offerings.

FREQUENCY OF UNUSUALLY HIGH LOTTERY JACKPOTS

Jackpots arise by chance on the basis of certain lottery draw events. Based on our experience, we expect particularly strong customer growth, as well as an increase in billings of our registered customers, in times of high jackpots. A higher frequency of maximum jackpots (€45 million for 'Lotto 6aus49' and, as of 25 March 2022, €120 million for 'Eurojackpot') may lead to rising customer growth and higher revenue.

EXPANDED PRODUCT PORTFOLIO

The new version of the State Treaty on Games of Chance in effect since 1 July 2021 provides for the possibility of offering additional gaming products, in particular virtual slot machine games and sports betting via the Internet. Additional offerings might appeal to further customer groups and lead to customer growth and higher revenues and margins.

ASSESSMENT OF THE RISKS AND OPPORTUNITIES

We believe that the probability of the above mentioned risks occurring varies and regard the overall risk position as moderate. In particular, material risks such as regulatory uncertainties or IT security risks were reduced, leading to a further normalisation of the overall risk following the Business Model Change in 2019. We regard the likelihood of risks that could jeopardise the continued existence of the Group – such as the non-issuance of permits applied for – as small. Moreover, in the case of legal risks, we would exhaust the existing legal protection options. We are not aware of any other risks which might endanger the Group's continued existence. Overall, we believe that the opportunities that the Group has significantly outweigh the risks that we face.

FEATURES OF THE ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Our definition of the accounting-related internal control (ICS) and risk management system corresponds to that of the Internal Control Framework – COSO I Model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Moreover, a further enhancement was also implemented by means of the Enterprise Risk Management Integrated Framework COSO-II model. Consequently, a control environment has been defined, a risk assessment has been carried out, control measures have been defined and it has been ensured that continuous information, documentation and constant monitoring of the control system are guaranteed. The Management Board has the responsibility to define the scope and structure of the ICS at its own discretion. It is continuously developed and adapted to internal and external circumstances.

The primary objective of the accounting-related ICS is to avoid the risk of material misstatements in accounting, to detect substantially incorrect valuations and to ensure compliance with the relevant regulations. Irrespective of its specific structure, however, an ICS cannot provide absolute assurance that these objectives will be achieved.

By means of defined organisational, control and monitoring structures, the accounting-related ICS of ZEAL ensures the complete recording of group-related matters and their proper presentation in the Consolidated Financial Statements. The principles, procedures and measures introduced for this purpose are regularly reviewed and continuously developed.

ZEAL Network SE prepares its Annual Financial Statements in accordance with German accounting standards and its Consolidated Financial Statements in accordance with the requirements of IFRS, as adopted by the EU. Changes to the relevant legal regulations are constantly monitored and examined for any adjustments that might be required.

We consider the following elements of the internal control and risk management system to be significant with respect to the (consolidated) financial reporting process:

- Identification of all significant financial reporting-related processes and risk areas including supporting IT systems and definition of corresponding key controls.
- Continuing analysis of new or changing accounting principles, laws and other regulations and assessment of their effect on the financial statements. Regular update of Group-wide accounting and reporting directives in the form of accounting guidelines, charts of accounts and reporting procedures.

- Support of Group companies in implementation of adequate accounting processes and systems, for example by providing accounting services, guidelines and checklists for financial statement closing as well as key risks and standard controls within the business processes.
- Centralised preparation of the Consolidated Financial Statements (including Group Management Report), employing manual and automated controls and quality checks.
- Assuring requisite expertise of employees involved in the financial accounting and reporting process by means of appropriate selection procedures and training as well as employing specialists for specific valuation and IFRS topics such as valuation of investments and share-based payments.

Finance division staff are responsible for the preparation of the Consolidated Financial Statements. The process of preparing the Consolidated Financial Statements is carried out in accordance with a time schedule agreed with the staff of those departments providing information. Individual items are accounted for based on the input of external specialists/appraisers.

We monitor the accounting-related ICS mainly by controls integrated into processes. These internal controls comprise both preventive as well as detective activities. The following controls are embedded in the process: IT-based and manual data matching, the segregation of functions, the dual checking principle and monitoring controls.

FORECAST REPORT

EXPECTED EARNINGS POSITION

In fiscal year 2022, we plan to maintain our market leadership as an online provider of lottery products and to launch new products, including online games under the licence for virtual slot machine games we applied for. Depending on the general conditions – and an average jackpot development – we expect billings of at least €750 million for the Germany segment (at least +14%). Moreover, we expect revenue to be at least €105 million in fiscal year 2022 (at least +21%). Adjusted EBITDA is expected to reach at least €30 million (around +8%). Compared to the previous year, we plan to invest significantly more in the acquisition of new customers.

	2022	2021
in € million	**Guidance**	Actual
Billings (Germany segment)	**At least 750**	656.5
Revenue (plus reimbursements from jackpot insurance[2])	**At least 105**	86.8
Adjusted EBITDA[1]	**At least 30**	27.7

1 Result from operating activities before amortisation, depreciation and non-recurring expenses.
2 Income from insurance to compensate for jackpot winnings from the 'freiheit+' charity lottery. This income is disclosed as other operating income while jackpot winnings themselves reduce revenue. Further details are provided in notes 4 and 5 to the Consolidated Financial Statements.

Takeover-relevant Information and Explanations

The following disclosures are made pursuant to sections 315a and 289a of the German Commercial Code (HGB) as well as section 176 of the German Stock Corporation Act (AktG), whereby matters not applicable to ZEAL Network SE are not mentioned:

Composition of Subscribed Capital

As of 31 December 2021, the Subscribed Capital of ZEAL Network SE amounted to €22,396,070, divided into 22,396,070 no-par value registered shares. Pursuant to section 67 (2) AktG, only those persons registered as shareholders in the share register are considered to be shareholders of the Company. With the exception of treasury shares, which do not grant any rights to the Company, all shares confer the same rights. Each share confers one vote and, with the possible exception of any new shares with no dividend rights, an equal share in the profits in accordance with the dividend distribution adopted by the General Meeting of shareholders. The rights and obligations arising from the shares are derived from the provisions of applicable law, in particular article 9(1)(c)(ii) of Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European company (SE) ('SE Regulation') in conjunction with sections 12, 53a et seqq., 118 et seqq. and 186 AktG. As of 31 December 2021, ZEAL Network SE held 32,569 treasury shares.

Restrictions concerning voting rights or the transfer of shares

The Company's treasury shares do not entitle it to any rights. In the cases of section 136 AktG, the voting rights of the shares concerned are excluded by law. Violations of disclosure obligations pursuant to sections 33, 38 or 39 German Securities Trading Act (WpHG) can also result in the – at least temporary – loss of rights from shares, including the right to vote, pursuant to section 44 WpHG.

Insofar as Management Board members acquire ZEAL shares in a fiscal year for up to 10% of their base salary, for which they receive a corresponding increase in their base salary, they are obligated to hold the corresponding shares for a minimum period of three fiscal years from 1 January of the year of acquisition.

Direct or indirect shareholdings which exceed 10% of voting rights

With regard to shareholdings which exceed 10% of voting rights (reported shareholding), please refer to section 33.3 of the notes to the Consolidated Financial Statements ('Disclosures according to section 160 (1) no. 8 AktG').

Legal regulations and provisions of the Articles of Association regarding the appointment and dismissal of Management Board members and amendments to the Articles of Association

ZEAL Network SE is a European company (SE) with a two-tier system within the meaning of article 38 lit. b) first alternative SE Regulation. The appointment and dismissal of Management Board members is governed by article 9 (1), article 39 (2) and article 46 SE Regulation, sections 84, 85 AktG and the Articles of Association. The members of the Management Board (management organ) of the Company are appointed by the Supervisory Board (supervisory organ) for a period of no more than five years. Members may be re-appointed for further periods of no more than five years (section 6 (2) of the Articles of Association). Members of the Management Board are appointed with a simple majority of the votes cast by the Supervisory Board. If a vote results in a tie, the Chairman has two votes in the event of a new vote on the same item if that also results in a tie (section 13 (6) of the Articles of Association). This procedure applies in the same way to a dismissal of Management Board members.

The Management Board consists of one or more persons pursuant to section 6 (1) of the Articles of Association. The number of members is determined by the Supervisory Board. Pursuant to section 84 (2) AktG, the Supervisory Board can appoint a Management Board member as Chairman. If the Management Board lacks an obligatory member, the competent court may appoint a member in urgent cases and on application of a person involved in accordance with section 85 (1) AktG. Pursuant to section 84 (3) AktG, the Supervisory Board can dismiss a member of the Management Board and revoke the appointment as the Chairman of the Management Board for cause.

The scope of activities which the Company may carry out is defined in section 2 of the Articles of Association. Amendments to the Articles of Association are governed by article 59 SE Regulation, section 179 AktG and the Articles of Association. Unless otherwise prescribed by law, resolutions of the General Meeting are adopted by a simple majority of votes cast (pursuant to section 133 German Stock Corporation Act (AktG), section 20 (1) of the Articles of Association) and where necessary by a simple majority of the share capital represented. In accordance with section 179 (2) German Stock Corporation Act (AktG), a majority of 75% of the share capital represented is required to change the purpose of the Company; no use is made in the Articles of Association of the possibility to determine a larger capital majority for this purpose. The Supervisory Board is authorised to resolve amendments to the Articles of Association that only concern the formal wording (section 16 of the Articles of Association). Pursuant to section 181 (3) German Stock Corporation Act (AktG), amendments to the Articles of Association become effective when entered in the Commercial Register.

Powers of the Management Board to issue or buy back shares

The Management Board is not currently authorised to issue new shares. In particular, the Company does not have any authorised or conditional capital. On expiry of the Authorised Capital on 21 June 2021, the Management Board had not made any use of it.

By resolution of the General Meeting of shareholders of 25 September 2019, the Management Board is authorised to use all treasury shares held by the Company at this time, under the exclusion of shareholders' subscription rights, for, among other things, corporate mergers and acquisitions or to sell them for cash to third parties at a price that is not significantly below the market price at the time of the sale. The shares can furthermore be issued to employees of the Company and affiliated companies, including managers at affiliated companies, in the scope of share-option and/or employee profit-sharing plans. The Company's own shares can also be cancelled. In 2021, 4,146 treasury shares were sold to employees of the Group.

Hamburg, 22 March 2022

The Management Board

Dr Helmut Becker Chief Executive Officer	Paul Dingwitz Chief Technology Officer
Sönke Martens Chief Operations Officer	Jonas Mattsson Chief Financial Officer

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD 1 JANUARY TO 31 DECEMBER

in € thousand	Note	**2021**	2020
Revenue	4	83,334	87,023
Other operating income	5	4,610	3,633
Personnel expenses	25	-19,048	-21,870
Other operating expenses	6	-41,115	-56,292
Marketing expenses		-22,359	-32,183
Direct operating expenses		-9,579	-10,840
Indirect operating expenses		-9,177	-13,269
Exchange rate differences		-48	250
Non-recurring income and expenses	7	–	4,587
Results from operating activities before share of loss from associates, interest, taxes, depreciation/amortisation of intangible assets, property, plant and equipment and right-of-use assets (EBITDA)		**27,734**	**17,331**
Amortisation/depreciation on intangible assets and property, plant and equipment	10; 12	-7,942	-10,458
Depreciation of right-of-use assets	27.1	-747	-1,498
Result from operating activities (EBIT)		**19,045**	**5,375**
Income from financial activities	8	167	3,502
Expenses from financial activities	8	-1,972	-996
Gain/loss on financial assets		-286	188
Financial result		**-2,091**	**2,694**
Share of loss from associates		-300	-213
Net profit before taxes		**16,654**	**7,856**
Income taxes	9	-5,251	37
Net profit		**11,404**	**7,893**
Attributable to:			
Shareholders of the parent company		10,787	8,162
Non-controlling interest		616	-269
Earnings per share for profit attributable to shareholders of the parent company		€	€
Basic and diluted earnings per share (in €/share)	21.6	0.48	0.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY TO 31 DECEMBER

in € thousand	Note	2021	2020
Net profit		**11,404**	**7,893**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	14	9,088	511
Items that may subsequently be reclassified to the income statement			
Exchange difference on translation of foreign operations		–	-164
Other comprehensive income (after taxes)		**9,088**	**347**
Total comprehensive income (after taxes)		**20,491**	**8,240**
Attributable to:			
Shareholders of the parent company		19,876	8,509
Non-controlling interest		616	-269

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS in € thousand	Note	31 December 2021	31 December 2020 (adjusted)	1 January 2020 (adjusted)
Non-current assets				
Property, plant and equipment	10	617	922	1,786
Right of use assets	27.1	3,838	4,513	8,478
Goodwill	11	158,585	158,585	158,585
Intangible assets	12	135,551	142,788	152,091
Deferred tax assets	13	11,908	16,852	18,474
Other financial assets	14	14,666	4,588	4,137
Shares in associated companies	15	272	433	629
Other assets	17	–	56,470	–
Net investment in finance lease	27.2	1,630	2,450	654
Total non-current assets		**327,067**	**387,601**	**344,835**
Current assets				
Income tax receivables		125	222	52
Trade receivables		1,791	1,299	1,252
Net investment in finance lease	27.2	1,196	1,225	392
Prepaid expenses		1,498	863	1,178
Other financial assets	16	25,972	14,462	14,608
Other assets	17	55,649	300	312
Shares in funds		–	–	2,925
Cash, cash equivalents and pledged cash	18	90,100	86,061	153,280
Total current assets		**176,331**	**104,432**	**173,998**
ASSETS		**503,398**	**492,034**	**518,833**

EQUITY & LIABILITIES in € thousand	Note	31 December 2021	31 December 2020 (adjusted)	1 January 2020 (adjusted)
Non-current liabilities				
Deferred tax liabilities	13	48,437	50,701	53,256
Interest-bearing loans	19	7,613	–	–
Other financial liabilities	20	4,821	1,270	–
Provisions	22	4,001	4,345	3,386
Lease liabilities	25.1	4,924	6,405	8,857
Total non-current liabilities		**69,796**	**62,721**	**65,499**
Current liabilities				
Trade payables		3,699	3,608	7,213
Interest-bearing loans	19	1,088	–	–
Other financial liabilities	20	31,102	20,175	21,465
Other liabilities	21	6,461	6,753	5,335
Income tax liabilities		3,942	1,511	6,886
Provisions	22	358	2,264	6,562
Lease liabilities	27.2	2,009	1,741	2,449
Total current liabilities		**48,660**	**36,051**	**49,910**
Equity				
Subscribed capital	23.1	22,396	22,396	22,396
Capital reserves	23.3	279,971	280,132	280,132
Treasury shares	23.5	-1,411	-1,591	-1,903
Other reserves	23.7	10,473	1,385[1]	874
Currency translation reserve		–	–	164
Retained earnings[1]	23.8	66,794	83,043	93,374
Equity attributable to shareholders of the parent company		**378,223**	**385,365**	**395,037**
Non-controlling interest	23.4	6,719	7,897	8,388
Total equity		**384,942**	**393,262**	**403,425**
EQUITY & LIABILITIES		**503,398**	**492,034**	**518,833**

[1] *Retained earnings and goodwill as disclosed in the Annual Report 2020 were reduced by €2,300 thousand to reflect the retrospective restatement of goodwill and consolidated net profit for 2019 in accordance with the findings of the German Financial Reporting Enforcement Panel ('Deutsche Prüfstelle für Rechnungslegung DPR e.V.'). Further details can be found in note 2.24 to the Consolidated Financial Statements.*

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY TO 31 DECEMBER

in € thousand	Note	**2021**	2020
Net profit before tax		16,654	7,856
Adjustments for			
Amortisation/depreciation	10; 12	7,942	10,458
Depreciation of right-of-use assets	27.1	747	1,498
Share of loss from associates	14	300	213
Impairment of associates	8	266	418
Interest income from net investment in finance lease and gains from the disposal of right-of-use assets	27.2	-128	-1,209
Other income from financial activities	8	-38	-2,481
Expenses from financial activities – lease liabilities	27.1	288	320
Other expenses from financial activities	8	1,146	258
Translation differences		-49	-164
Other non-cash income/expenses		-21	170
Changes in			
Trade receivables		-491	-47
Prepaid expenses		-635	315
Other financial assets	16	-11,511	146
Other assets	17	185	12
Trade payables		92	-1,728
Other financial liabilities	20	14,478	-20
Other liabilities	21	-292	-461
Provisions		-2,249	-3,339
Interest received	8	38	327
Interest paid	8	-210	-258
Income taxes paid		-356	-6,914
Net cash inflow from operating activities		**26,156**	**5,371**

in € thousand	Note	**2021**	2020
Cash flow from investing activities			
Payments on account to the tax authority	17	–	-54,316
Receipts from sublease (finance lease)	27.2	1,168	1,006
Payments for the acquisition of intangible assets	12	-231	-280
Receipts from the sale of intangible assets		–	64
Payments for the acquisition of property, plant and equipment	10	-171	-361
Receipts from the sale of property, plant and equipment		–	288
Payments for the acquisition of associated companies	15	-404	-377
Receipts from the sale of investments in funds	18	–	2,925
Payments for the deconsolidation of subsidiaries		-773	–
Net cash outflow from investing activities		**-411**	**-51,051**[1]
Cash flow from financing activities			
Payments for lease liabilities	27.1	-1,824	-2,983
Receipts from the sale of treasury shares	23.5	138	159
Receipts from the taking out of loans	19	8,700	–
Payments for the acquisition of non-controlling interests	21.4	-8,699	-828[1]
Dividend payments	28	-20,131	-17,887
Net cash outflow from financing activities		**-21,816**	**-21,539**[1]
Net increase in cash and cash equivalents		3,929	-67,219
Exchange rate-related changes in cash and cash equivalents		109	–
Available funds at the beginning of the period		86,061	153,280
Available funds at the end of the period		**90,100**	**86,061**
Composition of available funds			
Cash, cash equivalents and pledged cash at the end of the period		**90,100**	**86,061**

[1] *The statement of cash flows for the fiscal year 2020 was adjusted in order to disclose payments for the acquisition of non-controlling interests as a cash outflow from financing activities. Further details can be found in note 2.24 to the Consolidated Financial Statements.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY TO 31 DECEMBER

in € thousand	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Currency translation adjustments	Retained earnings[1]	**Equity attributable to shareholders of the parent company**	Non-controlling interest	**Total equity[1]**
As at 31 December 2019 (previously adjusted)	**22,396**	**280,132**	**-1,903**	**874**	**164**	**95,674**	**397,337**	**8,388**	**405,725**
Effects from error corrections (note 2.24)	–	–	–	–	–	-2,300	-2,300	–	-2,300
As at 1 January 2020 (adjusted)	**22,396**	**280,132**	**-1,903**	**874**	**164**	**93,374**	**395,037**	**8,388**	**403,425**
Net profit	–	–	–	–	–	8,162	8,162	-269	7,893
Other comprehensive income	–	–	–	511	-164	–	347	–	347
Total comprehensive income	**–**	**–**	**–**	**511**	**-164**	**8,162**	**8,509**	**-269**	**8,240**
Dividend payment	–	–	–	–	–	-17,887	-17,887	–	-17,887
Purchase of non-controlling interest	–	–	–	–	–	-605	-605	-223	-828
Sale of treasury shares	–	–	312	–	–	–	312	–	312
As at 31 December 2020 (adjusted)	**22,396**	**280,132**	**-1,591**	**1,385**	**–**	**83,043**	**385,365**	**7,897**	**393,262**
Net profit	–	–	–	–	–	10,788	10,788	616	11,404
Other comprehensive income	–	–	–	9,088	–	–	9,088	–	9,088
Total comprehensive income	**–**	**–**	**–**	**9,088**	**–**	**10,788**	**19,876**	**616**	**20,491**
Dividend payment	–	–	–	–	–	-20,127	-20,127	-4	-20,131
Purchase of non-controlling interest	–	–	–	–	–	-6,910	-6,910	-1,789	-8,699
Sale of treasury shares	–	-161	180	–	–	–	19	–	19
As at 31 December 2021	**22,396**	**279,971**	**-1,411**	**10,473**	**–**	**66,794**	**378,222**	**6,719**	**384,942**

[1] Retained earnings as of 1 January 2020 and 31 December 2020 as disclosed in the Annual Report 2020 were reduced by €2,300 thousand to reflect the retrospective restatement of consolidated net profit for 2019 in accordance with the findings of the German Financial Reporting Enforcement Panel ('Deutsche Prüfstelle für Rechnungslegung DPR e.V.'). Further details can be found in note 2.24 to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

ZEAL Network SE, Hamburg (hereinafter also referred to as 'ZEAL' or 'the Company'), is a listed company under German law domiciled in Hamburg and entered in the Commercial Register of the District Court of Hamburg under the registry number HRB 159581. Its address is Straßenbahnring 11, 20251 Hamburg, Germany. The statement of financial position date is 31 December 2021 and the fiscal year corresponds to the calendar year. The fiscal year 2021 therefore covered the period from 1 January 2021 to 31 December 2021.

ZEAL is the parent company of an e-commerce group of companies that offer online lottery experiences to their customers. It is mainly active in online lottery brokerage.

These Consolidated Financial Statements were approved by resolution of the Management Board on 22 March 2022 and subsequently presented to the Supervisory Board for examination and approval. Publication was authorised by resolution of the Management Board on 22 March 2022.

2 ACCOUNTING POLICIES

The main information on the accounting methods used by ZEAL and its subsidiaries ('the ZEAL Group' or 'the Group') in preparing the Consolidated Financial Statements are presented below. Unless otherwise stated, the figures are shown in thousands of euros (€ thousand), which may result in rounding differences in individual cases.

2.1 BASIS OF PREPARATION

The Consolidated Financial Statements of ZEAL and its subsidiaries as of 31 December 2021 were prepared in accordance with the valid International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) which have to be applied in the EU as of the statement of financial position date, and additionally in accordance with the applicable commercial law regulations as stated in section 315e HGB.

The Consolidated Financial Statements have been prepared under the historical cost principle, except for the cash equivalents and other financial assets, which are measured at fair value as described in the accounting policies below.

2.2 RECENT ACCOUNTING DEVELOPMENTS

New standards, amendments and interpretations of existing standards to be adopted by the Group for the first time had no material impact on the Consolidated Financial Statements.

New published standards which are not yet mandatory

Standards and interpretations of potential relevance for the Group which had been published at the time of publishing these Consolidated Financial Statements but which were not yet mandatory are presented below. The Group intends to adopt the amendments to these standards no later than as of their effective date:

- IFRS 16 'Leases' – 'COVID-19-Related Rent Concessions beyond 30 June 2021' effective for financial years starting on or after 1 April 2021.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' effective from 1 January 2022.
- Amendments to IAS 16 'Property, Plant and Equipment' effective from 1 January 2022.
- Amendment to IFRS 3 'Business Combinations' effective from 1 January 2022.
- Amendments to IAS 1 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current effective from 1 January 2023, subject to EU endorsement.
- Amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of accounting estimates effective from 1 January 2023, subject to EU endorsement.
- Amendment to IAS 12 'Income Taxes' – Deferred Tax related to Assets and Liabilities arising from a Single Transaction effective from 1 January 2023, subject to EU endorsement.

We do not expect the application of these new standards to have any significant impact on the Consolidated Financial Statements.

2.3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

IFRS accounting requires that estimates and assumptions be made that underlie the amounts recognised in the Consolidated Financial Statements and notes to the Consolidated Financial Statements. Significant assumptions and estimates were made for the standard useful lives of non-current assets, the realisability of accounts receivable and the accounting treatment and valuation of provisions. Actual figures may differ from these estimates. In addition, the following assumptions as of the statement of financial position date mean that there is a risk that the carrying amounts of assets and liabilities may need to be amended in future.

Non-recurring income and expenses

The Management Board uses judgement to determine items to be classified as one-off to enable a better understanding of the underlying financial performance of the Group. Further details can be found in note 7 to the Consolidated Financial Statements.

Taxation and other duties

Due to periodic changes in the tax landscape of the industry in which the Group operates, judgement is required in determining the provision for certain taxes and other duties. The treatment of these items is often by its nature complex and cannot be finally determined until a formal resolution has been reached with the relevant tax authority, which may take several years. Amounts provided are accrued taking into account legal and tax professional's assessment and the Management Board's interpretation of specific tax laws. Actual liabilities could differ from the amount provided, which could have an impact on the results and net position of the Group.

The majority of tax and other duty positions taken by the Group are routine and not subjective. However, judgement has been exercised by the Management Board in certain specific tax and duty related areas. These matters have been disclosed if appropriate in the notes to the Consolidated Financial Statements in accordance with the governing financial reporting standards and include the following areas:

Value added tax (VAT) and related contingent liabilities as well as receivables against the tax authorities

Due to the changes in German VAT legislation introduced on 1 January 2015, there is significant uncertainty around whether certain services provided by myLotto24 are subject to VAT and the tax base on which any VAT payable would be calculated. At this stage, the Management Board of the Group considers that the likelihood of the outflow of economic benefits is not probable and, as such, no liability has been recorded in the Consolidated Financial Statements. Based on a thorough legal assessment, which included a review of the existing legal framework, the Management Board remains confident that the outcome will be favourable for myLotto24. The Group will continue to closely monitor any changes in this area and ensure that the accounting for VAT continues to comply with governing legislation. The Management Board has reported a contingent liability of €77.8 million on this matter which is explained in the note 29 to the Consolidated Financial Statements.

Following an agreement of myLotto24 with the tax authority Hannover-Nord in December 2019 myLotto24 made an interim prepayment of €54.3 million for the potential VAT liability to the German tax authorities in January 2020. The payment was made to eliminate the risk of potential fines for late payment of taxes and to significantly reduce the amount of potential interest payments. IFRS standards are not clear on how such prepayments for other taxes should be accounted for. Therefore, the Group has applied the following accounting policies to this matter: a prepayment for other taxes is an asset if it gives the Group the right to obtain future economic benefits either by receiving a cash refund or by using the payment to settle the tax liability and it is probable that these uses will be made. The nature of the prepayment, whether voluntary or mandatory, does not affect this right and therefore does not affect the conclusion that it is an asset. Taking into account all available evidence, ZEAL considers it probable that the tax liability will not have to be paid, as the Management Board believes that it is more likely than not that the disputed tax matter will be resolved in the Group's favour and ZEAL will receive a refund. Against this background, the Group recognised an asset measured at amortised cost, which was determined on the basis of expected reimbursements and an estimated period until the expected reimbursement occurs. This period was determined and estimated taking into account the expertise of an external legal professional as well as on the basis of experience in other comparable tax proceedings and information received from the tax court. On 18 August 2021, the Federal Constitutional Court published its ruling that the statutory interest rate of 6% p.a. on tax arrears was unconstitutional and no longer applicable for interest periods from 2019 onwards. No new interest rate has been set to date as a consequence of this decision. The interest rate was estimated on the basis of the latest information published by the legislature..

Further explanations can be found in note 17 to the Consolidated Financial Statements.

Austrian Gaming Duty

In January 2011, gaming duty became payable on a point of consumption basis in Austria. There is judgement over whether the correct Austrian gaming duty should be payable based on 4% of stakes from 1 January 2018 (2% prior to 1 January 2018), which is the rate for 'betting' or 40% of gross gaming revenue, which is the rate for 'gaming' activities.

Previously, the Management Board considered the most likely outcome was that the duty would be due based on the relevant rate for stakes and accrued on this basis. However, correspondence with the Specialist Division (Fachbereich) of the Tax Office for Duties, Transfer Taxes and Gaming (the 'Austrian Tax Office') indicates that activities in Austria are likely to be classified as gaming. The Austrian Tax Office argues that since lotteries qualify as gaming, bets on the outcome of lotteries also qualify as gaming. The tax office confirmed this view with its assessments of 15 November 2021 and 7 December 2021. The Management Board has formed provisions on the basis that the Group will be assessed at 40% of gross gaming revenue. A €1.9 million provision was recorded in 2018. It was increased to €2.1 million in 2019 and kept unchanged until 31 December 2021. This amount was provided taking into account legal professionals' assessment and management's interpretation of gaming duty laws. Further explanations can be found in note 22 to the Consolidated Financial Statements.

Impact of the COVID-19 pandemic

From March 2020, following the global outbreak of COVID-19, all the countries where the ZEAL Group is operating took strict restrictions on public life to try to slow the spread of the pandemic. These included closures of shops and movement restrictions and led to significantly reduced consumer behaviour. However, these restrictions did not have a negative impact on the lottery business: as lottery outlets were only affected by shop closures to a limited extent, this did not lead to a reduction in lottery sales and thus to declining, less attractive jackpot amounts. However, we cannot conclusively say for sure that the restrictions on public life and the significant increase in staying at home have led to a growth in online lottery brokerage alone, because we cannot assess whether the high customer activity during the period of the lockdown restrictions is due to the attractive jackpot levels or to increased online conversion as a result of the general circumstances. For these reasons, the COVID-19 pandemic did not have a material impact on the judgments and estimates made in order to prepare the Consolidated Financial Statements and notes to the Consolidated Financial Statements.

Goodwill

Goodwill and indefinite-life intangible assets are tested at least annually for impairment. For the purpose of testing for impairment, goodwill is allocated to the lowest level of cash-generating units at which it is monitored for internal management purposes. An impairment charge is recognised when the recoverable amount of the asset falls below its carrying amount. We determine the recoverable amount for goodwill on the basis of forward-looking estimates and assumptions, such as billings and revenue, cost items, headcount, funding needs and growth rates. These are set by the Management Board and continuously monitored and updated. Further details are presented in note 11 to the Consolidated Financial Statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax loss carry-forwards to the extent that it appears probable that taxable income will be available, so that the loss carry-forwards can actually be used. When determining the amount of the deferred tax assets, the Management Board must make estimations regarding the expected time and size of the future taxable income, as well as future tax planning. Further details are provided in note 13 to the Consolidated Financial Statements.

Fair value of level 3 investments

At each reporting period, the fair value of the external investments is calculated. If market transactions relating to these equity instruments took place less than six months prior to the end of the reporting period (e.g. in the form of a representative financing round), fair value is derived from such market transactions, provided that the circumstances relevant for the valuation have not changed significantly. If there were no such market transactions, a discounted cash flow model is utilised to determine the fair value (enterprise value) of the underlying businesses that ZEAL has invested in. The fair value of ZEAL's share of each participation has been measured using an option pricing model. The option pricing model allocates the enterprise value of the investment amongst the individual shareholders. Key estimates and assumptions in the model include: the discount rate, billings growth rate and the growth in margin. Further details can be found in note 14 to the Consolidated Financial Statements.

Provisions for litigation

At each reporting period, the Management Board is required to estimate the expected outflow of cash resulting from the Group's legal cases. If it is considered probable (in other words, greater than 50%) that a case will be lost then the Management Board will estimate the expected costs to be incurred and will record a provision. The determination of the probability that a case will be lost may be made in conjunction with external legal professionals. The expected costs to be incurred are generally a range, dictated by gambling law or courts of law and the Management Board will estimate what percentage of these costs to provide if it is determined that it is probable a case will be lost. The estimate is based on experience from similar cases and the information received from the courts and/or regulators or other third parties involved in the case. Details of the year-end provisions for litigation can be found in note 22 to the Consolidated Financial Statements.

UK exit tax due to relocation of registered office

As of the 31 December 2021, the Management Board reviewed the appropriateness of the UK exit tax paid in connection with the relocation of the Company's registered office from London to Hamburg in October 2019, as uncertainty has arisen over the tax treatment of a registered office relocation in the context of the UK's exit from the EU ('Brexit').

Even after this reassessment, the Management Board believes that there is still no overwhelming probability of an outflow of funds. Consequently, a corresponding provision has not been recognised in the statement of financial position. As there is a residual risk of payment, contingent liability of €2,500 thousand was recognised. This corresponds to the theoretical taxation of the difference between the share acquisition price paid and the weighted three-month average price of the LOTTO24 shares before the relocation of the registered office.

2.4 BASIS OF CONSOLIDATION

The Consolidated Financial Statements include the financial information of the subsidiaries owned by the Company:

Consolidation of subsidiary companies

Subsidiaries are entities controlled by the Company. Control is where the Company has power to vary the returns from its investment, and exposure to the variability of those returns. Subsidiaries are included in the Consolidated Financial Statements from the date control commences until the date control ceases.

The subsidiaries included in the Consolidated Financial Statements as at 31 December 2021 and 2020 are all wholly owned, directly or indirectly, with the exception of LOTTO24 AG.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

If the Group loses control of the subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other equity components are derecognised. Any resulting gain or loss is recognised in the Consolidated Income Statement. Any retained interest is recognised at fair value.

2.5 CLASSIFICATION OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

The ZEAL Group presents assets and liabilities in the Consolidated Statement of Financial Position based on the assessment of whether they meet the classification as current or non-current balances.

An asset is classified as current when:

- The asset is expected to be realised or intended to be sold or consumed in the normal operating cycle.
- The asset is held primarily for the purpose of trading.
- The asset is expected to be realised within twelve months after the reporting period.
- The asset is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period date.

All other assets are classified as non-current.

A liability is classified as current when:

- The liability is expected to be settled in the normal operating cycle.
- The liability is held primarily for the purpose of trading.
- The liability is due to be settled within twelve months after the reporting period.
- The Company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities in accordance with IAS 1, 'Presentation of financial statements'.

2.6 REVENUE

In the fiscal year 2021, the Group had the following main revenue streams: revenue from commissions and fees from the lottery brokerage business revenue from the charity lottery 'freiheit+' and other revenue.

(I) Lottery brokerage revenue

Revenue is generated from commissions and fees which the Group receives for brokering stakes on behalf of customers. The Group generates revenues in the following areas:

- Commissions provided by the respective lottery operators for brokered tickets and stakes to be forwarded.
- Additional/ticket fees incurred in connection with the lottery brokerage of stakes.

Under IFRS 15, the Group is considered to be an agent based on the following points:

- Another third party is responsible for fulfilling the contract and this is stipulated in the terms and conditions agreed with the customer.
- The bookmaking risk is held by another party.
- The Group does not have discretion in establishing prices.
- The revenue received is in the form of fees and commissions.

For providing a brokerage service on lottery tickets, commissions and additional ticket fees are received at the time when the control of the ticket is transferred to the lottery operator. Commissions and additional/ticket fees are recognised as revenues when the bets have been made, the lottery ticket information passed on to the lottery operator and confirmation of receipt has been obtained. Where advanced payments are received from customers for subscriptions, payments received are deferred and the related revenue is only recognised when the conditions mentioned above are met.

Some of the agreements with state lottery companies contain proportional commission rates which are triggered when agreed size criteria are exceeded. The increased proportional commission rates apply either to the excess amounts as of the fulfilment date or retroactively for the complete past time period and are recognised accordingly. The commissions and additional fees do not contain financing components and are due either immediately or according to the agreement.

Billings consist of the accumulated stakes received from customers for game participation and additional fees. In the course of the online lottery brokerage of lottery products, amounts owed by customers are collected by the Group via direct debit or credit card charges. LOTTO24 AG transfers the brokered stakes directly to the lottery companies without the involvement of third parties. The difference between stakes to be remitted (less commission) and billings represent revenue. As billings determine the commission rates, this figure also has a direct influence on the size of revenues.

(II) Lottery brokerage revenue from the charity lottery 'freiheit+'

ZEAL conducts as agent the charity lottery 'freiheit+' for BildungsChancen gGmbH, Essen. The Group provides services in connection with the planning and administration of the charity lottery and runs this charity lottery. The lottery runs a weekly draw and, in addition to smaller cash prizes, offers a jackpot prize consisting of a one-time payment of €250,000 and monthly payments of €5,000 for the following 15 years.

For the services provided, ZEAL receives fixed ticket fees per lottery ticket sold as well as other fees for defined costs incurred in the provision of the services. In accordance with IFRS 15, revenue for these services is recognised at the time the services are rendered.

Furthermore, ZEAL is responsible for running the lottery and thus also for providing the jackpot winnings from the 'freiheit+' charity lottery. The resulting revenue is accounted for in accordance with IFRS 9.

The purchase of a 'freiheit+' ticket is accounted for as a derivative pursuant to IFRS 9 Financial Instruments, as for the underlying contracts

- payments are linked to the outcome of an event;
- the value of the contract, compared to the potential pay-out; is relatively low;
- the contract is in place before the event has occurred;
- in the case of a win, the pay-out is made in the future after the event has occurred.

The derivative is measured in accordance with IFRS 13 using the expected present value technique, based on the expected prize payouts for the tickets that have not yet been played. This was recognised in the Consolidated Statement of Financial Position under other financial liabilities. Gains or losses from a change in the fair value of these derivatives are recognised in the Consolidated Income Statement as revenue.

If the total amount won by customers does not reach the minimum profit distribution according to the State Treaty, the remaining stakes are retained on a security fund (a bank account in ZEAL's name) and disclosed in the corresponding amount as a financial liability. The security fund will be used to fund jackpot payments from future draws.

ZEAL forwards the stakes less the agreed fixed amounts for the lottery tickets sold, as well as the expected minimum prize distribution, to BildungsChancen gGmbH, Essen.

(III) Other revenue

Other revenue mainly relates to services in connection with online marketing, user experience and customer acquisition which are realised at the time the service is rendered.

2.7 OTHER OPERATING INCOME

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the Company, such as reimbursements from jackpot insurance, gains/losses from disposals, income from operating sublease etc..

2.8 INCOME FROM FINANCIAL ACTIVITIES

Interest income (including interest income from net investment in finance lease) is recognised on an accruals basis using the effective interest rate method.

2.9 INCOME TAXES

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible and taking into account deductible losses carried forward. The Group's liability for current taxation is calculated using the tax rates and laws of the respective countries in which individual companies are domiciled which have been enacted or substantively enacted by the Consolidated Statement of Financial Position date.

Deferred tax is provided in full in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the Consolidated Financial Statements, except where the temporary difference arises from goodwill (in the case of deferred tax liabilities) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of subsidiaries only to the extent that, at the Consolidated Statement of Financial Position date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is expected that existing taxable temporary differences will reverse in the future or there will be sufficient taxable profit available against which the temporary differences (including carried forward tax losses) can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured, on an undiscounted basis, at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

2.10 OTHER OPERATING EXPENSES

Other operating expenses are recognised when services have been provided to the Group. Non-deductible VAT is included within other operating expenses as opposed to being included in the attributable costs. Direct operating expenses are those expenses which are mainly incurred in operating the Group's lottery brokerage activities and primarily relate to product and payments processing costs. Other operating expenses are costs which are not directly related to the Group's operations and include legal and regulatory costs, office expenses and freelancer costs.

2.11 NON-RECURRING INCOME AND EXPENSES

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance of the reporting period are presented as non-recurring income and expenses. Items classified as non-recurring income and expenses are disclosed separately due to their size and nature to enable a better understanding of year-on-year performance. These include significant restructuring of the activities of an entity including employee severance costs as these are irregular in nature.

2.12 FOREIGN EXCHANGE

(I) Transactions and balances

Transactions in foreign currencies are converted into their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the exchange rate of the reporting date. Translation differences of shares in equity funds and other deposits are recorded within financial income or expense. Translation differences on tax balances are recorded in the income taxes line item. The translation differences of all other items are included in operating profit in the Consolidated Income Statement.

(II) Foreign exchange translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in euros, which is the Group's reporting currency. On consolidation, the assets and liabilities of subsidiaries where the euro is not the functional currency are translated into euros at the rate of exchange at the reporting date and their income statements at average exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income (OCI). The average exchange rates (calculated based on the 12-month average of the exchange rates during the financial year) and the closing exchange rates have been taken from the publicly available European Central Bank rates. The amount recognised in other comprehensive income for a subsidiary with a functional currency other than the Euro is reclassified to the income statement upon disposal of that subsidiary.

2.13 INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the Group, unless the asset has been acquired as part of a business combination. Intangible assets acquired as part of a business combination are recognised at their fair value at the date of acquisition. Amortisation is included within depreciation and amortisation in the Consolidated Income Statement. Internally generated intangibles comprise computer software and development costs referred to under computer software and research and development below.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The Group regularly reviews all of its amortisation rates and residual values to take into account any changes in circumstance that could affect valuation and reporting.

The Management Board's assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. They are recognised in operating profit or loss when the asset is de-recognised.

(I) Computer software and licences

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use.

Direct costs incurred in connection with the production of identifiable and unique internally generated software controlled by the Group are capitalised if it is likely that they will generate future economic benefits. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads that are directly attributable to the development of the asset. Capitalised computer software, licence and development costs are amortised over their useful economic lives of between three and five years.

(II) Acquired brands

Acquired brands are capitalised on the basis of the fair value of the costs incurred to acquire them. The brand LOTTO24 acquired by the Group is considered to be indefinite as no contractual, legal, competitive, economic or other factor limits its useful economic life. The LOTTO24 brand has high brand awareness and there are no indicators that its useful life should not be indefinite.

(III) Acquired customer lists

Acquired customer lists are capitalised on the basis of the fair value of the costs incurred to acquire them. Acquired customer lists are amortised over their useful economic lives of twelve years.

(IV) Research and development

Research and general development expenditure is expensed in the period in which it is incurred.

Certain development costs are capitalised as internally generated intangible assets in the following circumstances:

- Where there is a clearly defined project.
- Where there is separately identifiable expenditure.
- Where expenditure can be reliably measured.
- Where an outcome can be assessed with reasonable certainty (in terms of feasibility and commerciality).
- When expected revenues exceed expected costs and the Group has the resources to complete the task.
- Where there is a definable economic benefit through revenue generation or cost reduction.

Such assets are amortised on a straight-line basis over their useful lives once the project is complete.

2.14 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure made to enable the asset to operate in a manner as intended by management. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably.

Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales or scrap proceeds and the carrying value of the asset and is recognised in the income statement.

(I) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs. When these assets are ready for their intended use, they are transferred into the appropriate category. At this point, depreciation commences on the same basis as on other property, plant and equipment.

(II) Depreciation

Depreciation is provided on a straight-line basis at rates calculated to write-off the cost of each asset over its expected useful life as follows:

	Years
Technical equipment/hardware	2–6
Office equipment and fit-out	3–12

Leasehold improvements are depreciated over the lower of the lease term and 3-12 years.

Each financial year the Group reviews all of its depreciation rates to take account of any changes in circumstances. When setting useful economic lives, the principal factors the Group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

2.15 IMPAIRMENT

This following policy on impairment covers all non-current assets except financial assets and deferred tax assets.

The Group assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required as in the case of goodwill and intangible assets with indefinite useful lives, the Group makes an estimate of the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

The recoverable amount is determined for each individual asset, unless an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is impaired and written down to its recoverable amount. For the purpose of determining any impairment, goodwill is allocated to the lowest level of cash-generating units at which it is monitored for internal management purposes.

To determine value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations about the interest effect and the risks specific to the asset.

The fair value less costs of disposal is considered to be the amount that could be obtained on disposal of the asset, and therefore is determined from a market participant perspective. Fair value less costs of disposal is also measured using DCF calculation, but on an after-tax basis.

The Group bases its impairment assessment on the most recent budget and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which individual assets are allocated. Such budget and forecast calculations usually extend over five years. After the fifth year, a long-term growth rate is determined and applied to forecast future cash flows.

An impairment loss is taken first against any specifically impaired assets. Where an impairment is recognised against a CGU, the impairment is first taken against goodwill balances and if there is a remaining loss it is set against the remaining intangible and tangible assets on a pro-rata basis.

In the case of non-financial assets, we carry out a review on each reporting date to ascertain whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent that the carrying amount of an asset may not exceed its recoverable amount nor the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised for the asset in prior years. We recognise reversals in the income statement. An impairment loss recognised for goodwill may not be reversed in subsequent reporting periods.

2.16 LEASING

As a lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments.
- Variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase agreement that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

A number of property leases contain renewal and termination options. Such contract terms are used to give the Group maximum operational flexibility with respect to the contract portfolio. The majority of the existing renewal and termination options can only be exercised by the ZEAL-Group and not by the respective lessor.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

The Group subleases some of its office space in London and Germany. As an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. It assesses the lease classification of a sublease to determine if the risk and rewards of ownership are transferred of the underlying asset. The Group recognises lease payments received under the operating lease as income on a straight-line basis over the lease term as part of other operating income. If a lease is determined to be a finance lease, the Group recognises a net investment for the present value of the expected future lease income. The net investment is measured at amortised cost using the effective interest method.

2.17 BUSINESS COMBINATIONS

The acquisition method is used to account for business combinations.

The identifiable net assets (including intangibles) are incorporated into the Consolidated Financial Statements on the basis of their fair value from the effective date of control, and the results of subsidiary undertakings acquired during the financial year are included in the Group's results from that date.

When a company or business is acquired, the identifiable assets and liabilities are generally recognised at their fair values.

The consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the acquisition, and also includes the Group's estimate of the fair value of any deferred consideration payable. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where the business combination is achieved in stages and results in a change in control, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Where the business combination agreement provides for an adjustment to the cost that is contingent on future events, the consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2.18 ASSOCIATED COMPANIES

Associated companies are those companies over which the Group has significant influence but no control, generally accompanied by a shareholding of 20% to 50%. Shares held in associated companies are accounted for using equity accounting.

Under equity accounting, the investment in the associated company is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associate from the acquisition date. Goodwill relating to the associated company is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associated company. When there has been a change recognised directly in the equity of the associated company, the Group recognises its share of any changes, when applicable, in its Consolidated Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associated company are eliminated to the extent of the interest in the associated company.

The Group's share of the associated company's result for the period is shown on the face of the Consolidated Income Statement. The financial statements of the associated company are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associated company into line with those of the Group.

2.19 FINANCIAL ASSETS AND LIABILITIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

(I) Fair value through profit and loss (FVPL)

Financial assets at fair value through profit include investments in equity funds and short-term deposits. These financial assets have cash flows that are not solely payments of principal and interest and as such are classified and measured at fair value through profit or loss. These are initially recognised at fair value. Movements in fair value are recognised in gains/losses from financial assets within the income statement.

(II) Financial assets at amortised cost (AC)

The Group measures financial assets at amortised cost if both of the following conditions are met:

1) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Trade receivables

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost less provision for impairment.

(III) Equity instruments at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other operating income in the Consolidated Income Statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Within the Group, other investments in companies held as long-term strategic investments are allocated to this category. The Management Board elected to hold them at FVOCI. Each investment is initially recognised at fair value plus transaction costs. Investments are measured on the basis of observable market prices. Insofar as the investments are not traded on active markets or the last financing round is more than six months in the past, a discounted cash flow (DCF) model is utilised to determine their fair value (enterprise value). The fair value of ZEAL's share of each business is measured using an option pricing model (Black-Scholes) if no current market prices based on actual investment rounds or from comparable market transactions are available.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach to calculating ECLs. It does not therefore track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The simplified approach uses the amounts historically written off for each customer, adjusted for forward-looking factors and the economic environment and uses this as the basis for the ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The COVID-19 pandemic did not impact significantly the ECL assessment as the lottery business was not negatively impacted (further details are provided in note 2.3 to the Consolidated Financial Statements).

ii) Financial liabilities

Financial liabilities held at amortised cost include trade payables, accrued financial liabilities and liabilities from lottery operations as well as borrowings.

Financial liabilities are initially recognised at fair value and subsequently remeasured at amortised cost, using the effective interest rate.

2.20 EQUITY AND DISTRIBUTIONS

(I) Share capital, debt and equity instruments issued

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the ZEAL Group are recognised when the proceeds have been received, net of direct issue costs. Issue costs are those costs which would not have been incurred if the equity instrument had not been issued. The Company has only issued common shares.

Treasury shares are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

(II) Dividend distributions

Dividend distributions to equity holders of ZEAL are recognised as a liability in the Group's Consolidated Financial Statements in the period in which the dividends are approved by the Company's shareholders. Dividends declared after the Consolidated Statement of Financial Position date are not recognised as there is no present obligation at that date and the Consolidated Statement of Financial Positions forms the basis to determine dividend allowance.

2.21 PROVISIONS

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. On initial recognition, non-current provisions are calculated on a discounted basis where the effect is material and compounded accordingly in subsequent measurements. The unwinding of the discount is recognised in expenses from financial activities.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.22 CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the Consolidated Financial Statements. However, they are disclosed in the notes to the Consolidated Financial Statements if the possibility of an outflow of resources embodying economic benefits is not remote.

2.23 EMPLOYEE BENEFITS

The Group operates various employee benefits, bonus plans and other employment schemes including termination benefits, cash settled share-based payments, defined contribution pension plans and an Employee Stock Purchase Plan.

(I) Employee bonus

The Group recognises a liability and an expense for bonuses, based on a formula that takes into account the achievement of individual goals as well as the Group performance.

(II) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date and whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for restructuring within the scope of IAS 37, which involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of months employees worked for the Group.

(III) Defined contribution pension plans

The contributions to defined contribution plans are recognised as an expense as the costs become payable. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(IV) Cash-settled share-based payments

For cash-settled share-based payment schemes, a liability is recognised based on the fair value of the payment award at the Consolidated Statement of Financial Position date. The fair value of the virtual share options granted is recognised in the Consolidated Income Statement as personnel expenses over the vesting period to reflect the value of the employee services received.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured at initial recognition and at each reporting date as well as at the settlement date. Changes in fair value are recognised in personnel expenses. Further details are presented in note 26 to the Consolidated Financial Statements.

(V) Employee Stock Purchase Plan

The Group created an Employee Stock Purchase Plan in 2020. In the years 2021 and 2020, it offered all employees who were permanent and based in the UK, Germany or Spain the opportunity to buy shares of ZEAL. In the fiscal year 2021, shares representing a total of 0.02% (2020: 0.03%) were acquired by employees under this plan. The Group contributes 20% of the purchase price and covers the taxes and social security for the 20%. The related costs are recognised as personnel expenses.

2.24 EFFECTS FROM ERROR CORRECTIONS

(I) Finding of German Financial Reporting Enforcement Panel

The German Financial Reporting Enforcement Panel ('Deutsche Prüfstelle für Rechnungslegung DPR e.V.' – DPR) audited the Consolidated Financial Statements and Group Management Report of ZEAL Network SE as at 31 December 2019 in accordance with section 342b (2) sentence 3 no. 3 of the German Commercial Code (HGB) (random audit). In the course of this audit, the following error was identified with a corresponding impact on the subsequent reporting years:

'In the Consolidated Financial Statements of ZEAL Network SE as at 31 December 2019, consolidated net profit is overstated by approximately €2,300 thousand, as the value adjustment of deferred tax assets from loss carryforwards as at the balance sheet date in connection with the acquisition of a new subsidiary was recognised in profit or loss instead of through equity. This is in contravention of IAS 12.68(a).'

The final decision of the Federal Financial Supervisory Authority ('Bundesanstalt für Finanzdienstleistungsaufsicht' – BaFin) is still pending. This audit finding was corrected retrospectively in the Consolidated Financial Statements as at 31 December 2021: in the Consolidated Statement of Financial Position, the comparative figures for goodwill and retained earnings of the prior-year period, as well as in the Consolidated Statement of Financial Position as at 1 January 2020 as a result of this correction, have been restated. The adjustments to the Consolidated Statement of Financial Position are shown in the table below. The adjustments are also shown separately in the Consolidated Statement of Changes in Equity. The audit finding had no impact on the Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows presented in the Consolidated Financial Statements.

Adjustment to the Statement of Financial Position acc. to IAS 8	**31 December 2020**	1 January 2020
in € thousand		
Goodwill (previously adjusted)	160,886	160,886
Adjustment	-2,300	-2,300
Goodwill (adjusted)	**158,586**	**158,586**
Retained earnings (previously adjusted)	85,343	95,674
Adjustment	-2,300	-2,300
Retained earnings (adjusted)	**83,043**	**93,374**

Accordingly, the amounts of 'Total non-current assets', 'Assets', 'Total equity' and 'Liabilities' presented in the Consolidated Statement of Financial Position as at 31 December 2020 and 1 January 2020 have each decreased by €2,300 thousand compared to the previously reported values.

(II) Presentation of payments for the acquisition of non-controlling interests in the Consolidated Statement of Cash Flows

In the fiscal year 2020, payments of €828 thousand for the acquisition of non-controlling interests were disclosed as a cash outflow from financing activities in the statement of cash flows. In the Consolidated Financial Statements as of 31 December 2021, the Consolidated Statement of Cash Flows 2020 was adjusted retroactively in order to disclose these payments as a cash outflow from financing activities in accordance with IAS 7.17.

3 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 Management Board. The following segments are used:

Germany

This operating segment comprises the results of the online lottery brokerage business and the charity lottery 'freiheit+' of the Group in Germany. Its cost base includes direct operational costs as well as the Group's shared costs.

Other

The Other segment comprises the remaining elements of our business, including our online lottery operation for the charitable organisation ONCE in Spain and our investments in early-stage start-ups under ZEAL Ventures.

SEGMENT REPORTING 2021	Germany	Other	**Total**
in € thousand			
Revenue	78,473	4,862	83,334
Other operating income	4,596	14	4,610
Personnel expenses	-17,967	-1,081	-19,048
Other operating expenses and exchange rate differences	-38,609	-2,553	-41,163
Non-recurring income and expense	–	–	–
EBITDA	**26,493**	**1,242**	**27,734**
Amortisation/depreciation	–	–	-8,689
EBIT	**–**	**–**	**19,045**
Financial result	–	–	-2,091
Share of loss from associates	–	–	-300
Net profit before taxes	**–**	**–**	**16,654**
Income taxes	–	–	-5,251
Net profit	**–**	**–**	**11,404**

SEGMENT REPORTING 2020	Germany	Other	**Total**
in € thousand			
Revenue	80,005	7,018	87,023
Other operating income	3,642	-9	3,633
Personnel expenses	-20,258	-1,612	-21,870
Other operating expenses and exchange rate differences	-51,639	-4,403	-56,042
Non-recurring income and expense	4,587	–	4,587
EBITDA	**16,337**	**994**	**17,331**
Amortisation/depreciation	–	–	-11,956
EBIT	**–**	**–**	**5,375**
Financial result	–	–	2,694
Share of loss from associates	–	–	-213
Net profit before taxes	**–**	**–**	**7,856**
Income taxes	–	–	37
Net profit	**–**	**–**	**7,893**

4 REVENUE

in € thousand	2021	2020
Ticket fees	33,677	32,193
Commissions	47,020	47,498
Lottery brokerage revenue	**80,698**	**79,691**
Revenue from IFRS 9 for operating the charity lottery 'freiheit+'	-3,642	-1,300
Other revenue	6,279	8,632
Revenue	**83,334**	**87,023**

Ticket fees and commissions comprise the revenue from the lottery brokerage business described in note 2.6 to the Consolidated Financial Statements, including ticket fees from the charity lottery 'freiheit+'.

Revenue from IFRS 9 for operating the charity lottery 'freiheit+ corresponds to the net presentation of revenue described in note 2.6 (ii) to the Consolidated Financial Statements and is negative due to the number of jackpot wins in the fiscal years 2020 and 2021.

Other revenue mainly includes the revenue from the lottery services for the charity lottery of the Organización Nacional de Ciegos de España ('ONCE') in Spain.

5 OTHER OPERATING INCOME

in € thousand	2021	2020
Income from insurance	3,450	–
Income from winning tickets	480	207
Sublease income	293	541
Income from the release of dormant customer accounts	130	523
Charging of costs	–	1,083
Other revenue	257	1,279
Revenue	**4,610**	**3,633**

Income from insurance relates to reimbursements received by the Group in 2021 for three jackpot winnings in the charity lottery 'freiheit+' of €1,150 thousand each.

In the reporting period, income of €480 thousand (2020: €207 thousand) was recognised from winning tickets purchased as part of lottery clubs.

Sublease income in the fiscal year 2021 relates to the recharging of ancillary costs from the subletting of offices rented by the Group in London and Hamburg. In 2020, income from operating subleases was also recognised.

In 2021, the Group recognised income of €130 thousand (2020: €523 thousand) relating to customer account balances in the UK where no activity had been recorded at least in the last 30 months and all procedures have been completed to contact the customer.

6 OTHER OPERATING EXPENSES

	2021	2020
in € thousand		
Marketing expenses	22,359	32,183
Direct operating expenses	9,579	10,840
Indirect operating expenses	9,177	13,269
Other operating expenses	**41,115**	**56,292**

Other operating expenses decreased in total by €15,177 thousand:

- Marketing expenses decreased by €9,823 thousand due to the much weaker jackpot situation compared with the fiscal year 2020. Spending volumes – especially for new customer acquisition – are constantly adapted according to the jackpot and market environment in order to target them effectively.
- Direct operating expenses declined by €1.261 thousand, due in part to the termination of software licences and savings on telecommunication costs.
- Indirect operating expenses fell by €4,092 thousand, partly as a result of savings in services and external staff (€1,805 thousand). In the previous year, costs for external services relating to the merger of the LOTTO24 and ZEAL platforms were incurred. In addition, provisions of €900 thousand were reversed in the fiscal year 2021 for anticipated, but since resolved legal disputes.

Indirect operating expenses includes fees charged by the auditor, Ernst & Young, GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, and its affiliates, as presented in the table below:

	2021	2020
in € thousand		
Audit of financial statements	586[1, 2]	501[1, 2]
Other assurance services	4	4
Tax advisory services	26	26
Other services	–	–
Total auditor remuneration	**616**	**531**

[1] *Thereof for international partner companies of the auditor: €66 thousand (2020: €109 thousand).*
[2] *Thereof €69 thousand for the audit of financial statements relating to the previous year 2020 (in 2020 relating to the previous year 2019: €85 thousand).*

7 NON-RECURRING INCOME AND EXPENSES

	2021	2020
in € thousand		
Stamp duty refund	–	3,656
Restructuring costs associated with acquisition of Lotto 24 AG	–	731
Other income and costs	–	200
Non-recurring income and expenses	**–**	**4,587**

In 2021, no income or expenses were classified as non-recurring income and expenses. The following income was considered in the previous year:

Stamp duty refund

The income recognised in 2020 from the refund of €3,656 thousand related to the net repayment of stamp duty reserve tax by the UK tax authority. This repayment will not recur insofar as it was a one-off tax refund and therefore the income associated with it was recognised as non-recurring.

Restructuring costs

As a result of the acquisition of LOTTO24 AG in the fiscal year 2019, the Group implemented a restructuring programme. The costs associated with this programme were disclosed as non-recurring as they related to the Business Model Change that took place in the previous year. €731 thousand relating to the provision booked in 2019 for these costs were released in 2020.

Other income and costs

In the fiscal year 2020, provisions of €200 thousand previously accrued for a known one-off process were released. As this related to a non-recurring event, the associated costs were recognised as one-off expenses.

8 INCOME AND EXPENSES FROM FINANCIAL ACTIVITIES

	2021	2020
in € thousand		
Income from financial activities		
Interest income from tax prepayment	–	2,154
Interest income from net investment in finance leases and gains from the disposal of right-of-use assets	128	1,209
Other income from financial activities	39	139
	167	**3,502**
Expenses from financial activities		
Interest from tax prepayment	-937	–
Interest expenses from lease liabilities	-288	-320
Impairment of associates	-266	-418
Expenses from negative interest	-272	–
Other expenses from financial activities	-209	-258
	-1,972	**-996**

Interest income from tax prepayment relates to the interest accrued on the payment of €54.3 million made to the Tax Office of 'Hannover-Nord' in January 2020. Following a decision by the Federal Constitutional Court published on 18 August 2021, according to which the statutory interest rate of 6% p.a. on tax arrears is unconstitutional, the Group adjusted the interest rate in the fiscal year 2021. In addition, a law passed on 15 February 2021 extended the interest-free grace period for the 2019 assessment period from 15 months to 21 months. Due to these changes, a net expense of €937 thousand was recognised in the fiscal year 2021. Further details are provided in note 17 to the Consolidated Financial Statements.

Income from net investment in finance leases and gains from the disposal of right-of-use assets relate to office spaces in London and Hamburg, which the Group started subletting in 2020. Further details on this finance leases as well as on the lease liabilities are provided in note 27 to the Consolidated Financial Statements.

In the fiscal year 2021, the Group recognised an impairment of €266 thousand on its associate Furlong Gaming Limited, as the carrying amount is no longer covered by expected future cash flows. Similarly, the Group recognised an impairment of €418 thousand on its associate Cloud Canyon Limited in the fiscal year 2020.

9 INCOME TAXES

Income taxes paid or payable as well as deferred taxes and withholding taxes are recognised within the income taxes line item. The Company is subject to German corporate income and German trade tax. The applicable corporate income tax rate in 2021 was 15.0%. The solidarity surcharge was 5.5% of corporate income tax.

In addition, trade tax on income is levied on commercial profit, which is calculated by taking the taxable income according to corporate income tax law and making required additions or subtractions according to German trade tax law. The effective trade tax on income rate depends on the municipality in which the entity maintains a permanent establishment for carrying on its operations. The effective trade tax on income rate for Hamburg in fiscal year 2021 was 16.45%. As a result, the total tax rate amounts to 32.28%.

In the case of foreign companies, the respective country-specific regulations and tax rates are used for the calculation of current income taxes. The impact of higher foreign tax rates is included as a reconciling item in the reconciliation below.

Deferred taxes under IAS 12 are calculated at the average tax rate at the time the differences are expected to reverse. For the calculation of deferred taxes as at 31 December 2021, a total tax rate of 32.28% was used (2020: 32.28%). In the case of foreign companies, the respective country-specific regulations, enacted and substantively enacted tax rates were used to calculate deferred taxes.

TAXATION EXPENSE	**2021**	2020
in € thousand		
Current taxation:		
Charge for the year	2,771	1,010
Adjustments in respect of prior years	-199	-116
Total current taxation	**2,572**	**894**
Deferred taxation:		
Credit for the year	2,679	-931
Total deferred taxation	**2,679**	**-931**
Total taxation expense (income statement)	**5,251**	**-37**

TAX RATE RECONCILIATION	**2021**	2020
in € thousand		
Net profit before taxes	**16,654**	**7,856**
Expected tax charge at average tax rate of 32.28% (2020: 32.28%)	5,376	2,536
Non-deductible expenses	426	-542
Adjustments in foreign tax rates	-221	-1,414
Adjustments in respect of prior years	-199	-532
Tax loss utilisation	-329	-210
Unrecognised tax losses carried forward	-129	162
Deconsolidation effects	405	–
Other	-77	-37
Total taxation expense	**5,251**	**-37**

10 PROPERTY, PLANT AND EQUIPMENT

COST	Office equipment	Hardware	Total
in € thousand			
As at 1 January 2020	**5,088**	**5,772**	**10,860**
Additions	352	9	362
Disposals	-3,775	-507	-4,282
As at 31 December 2020	**1,665**	**5,275**	**6,940**
Additions	163	8	171
Disposals	-1	-272	-273
As at 31 December 2021	**1,826**	**5,011**	**6,837**

ACCUMULATED DEPRECIATION	Office equipment	Hardware	Total
in € thousand			
Accumulated depreciation as at 1 January 2020	**-3,620**	**-5,454**	**-9,074**
Provided during the year	-885	-53	-938
Disposals	3,506	489	3,994
Accumulated depreciation as at 31 December 2020	**-999**	**-5,019**	**-6,018**
Provided during the year	-463	-11	-474
Disposals	–	272	272
Accumulated depreciation as at 31 December 2021	**-1,462**	**-4,758**	**-6,220**

BOOK VALUE	Office equipment	Hardware	Total
in € thousand			
As at 31 December 2020	**666**	**256**	**922**
As at 31 December 2021	**364**	**252**	**617**

There are no restrictions on rights of disposal for the above-mentioned tangible assets. No assets were pledged as collateral for liabilities.

11 GOODWILL

ZEAL assesses its goodwill of €158,585 thousand (2020: €158,585 thousand) at the end of the reporting period for impairment requirement. The test compares the carrying amount with the recoverable amount, in other words the higher of net realisable value and value in use. We calculate value in use on the basis of discounted future cash flow projections from internal budgets for several years as approved by management.

For the purpose of determining any impairment, goodwill is allocated to the lowest level of cash-generating unit (CGU) at which it is monitored for internal management purposes. The Group has identified two CGUs, which correspond to the two segments 'Germany' and 'Other'. For Internal management purposes, goodwill is fully allocated to the CGU 'Germany'. Budget calculations are based on a detailed planning period of five years, as the standard planning period of the Group.

In the detailed planning period, the Management Board expects low double-digit percentage growth of billings, depending on the general conditions and especially the jackpot development. The Management Board assumes an average jackpot development. For the detailed planning period, it also expects that the underlying revenue growth will be in the low double-digit percentage range and, with regard to EBITDA, anticipates high marketing investments for new customer acquisition.

For the discounting of cash flows in the detailed planning period, the Company used pre-tax cost of capital rates of 14.44% (2020: 13.01%) and 10.86% after taxes (2020: 10.08%), which were determined using the Capital Asset Pricing Model (CAPM).

At the end of the detailed planning period, for the years after 2026 the ZEAL Group applies a reconciled perpetual annuity based on the CAPM discounted with a weighted average pre-tax cost of capital (WACC) of 13.44% (2020: 11.01%) and 9.86% after taxes (2020: 8.08%). The calculation of the perpetual annuity is based on a sustainable average growth rate of 1.0%.

We continually monitor and update the relevant technical, market-based, economic and legal parameters and conditions for the impairment test. As no impairment was detected in the course of the impairment test, no non-scheduled write-downs were recognised in the fiscal year 2021.

The EBITDA margin and the WACC are the factors with the most significant influence on value in use. A sensitivity test of the planning assumptions revealed that ceteris paribus no realistic change in the applied parameters EBITDA margin and WACC would lead to impairment.

Following the error correction as a result of the DPR audit of the Consolidated Financial Statements as at 31 December 2019, goodwill was retroactively reduced by €2,300 thousand. For further information, please refer to note 2.24 to the Consolidated Financial Statements.

12 INTANGIBLE ASSETS

COST	Brand	Customer list	Software	Total
in € thousand				
As at 1 January 2020	**66,007**	**88,387**	**33,838**	**188,232**
Additions	–	–	280	280
Disposals	–	–	-55	-55
As at 31 December 2020	**66,007**	**88,387**	**34,063**	**188,457**
Additions	–	–	231	231
Disposals	–	–	-4,857	-4,857
As at 31 December 2021	**66,007**	**88,387**	**29,437**	**183,831**

ACCUMULATED AMORTISATION	Brand	Customer list	Software	Total
in € thousand				
Accumulated amortisation as at 1 January 2020	**–**	**-4,653**	**-31,550**	**-36,203**
Provided during the year	–	-7,366	679	8,045
Impairment provided during the year	–	–	-1,475	-1,475
Disposals	–	–	54	54
Accumulated amortisation as at 31 December 2020	**–**	**-12,019**	**-33,650**	**-45,669**
Provided during the year	–	-7,366	-102	-7,467
Disposals	–	–	4,857	4,857
Accumulated amortisation as at 31 December 2021	**–**	**-19,384**	**-28,895**	**-48,279**

BOOK VALUE	Brand	Customer list	Software	Total
in € thousand				
As at 31 December 2020	**66,007**	**76,368**	**413**	**142,788**
As at 31 December 2021	**66,007**	**69,003**	**542**	**135,552**

There are no restrictions on rights of disposal for the above mentioned intangible assets. No assets were pledged as collateral for liabilities. The remaining useful lives of intangible assets are between one and ten years.

Following the successful migration of LOTTO24 AG customers to the common platform of the ZEAL Group in late 2020, the former LOTTO24 platform was no longer used for these customers. Therefore, the Group took the decision to fully impair the corresponding software. The impairment recognised amounted to € 1,475 thousand.

Tipp24 brand

In order to assess the recoverability of the Tipp24 brand, which has an indefinite useful life, an annual impairment test was carried out as of 31 December. The value in use is determined using the royalty-relief method. Firstly, a revenue forecast for customers of the Tipp24 brand for a period of five years (based on the approved budgets) was determined. This revenue forecast is continuously updated to reflect changes in demand from Tipp24 customers. A royalty of 7.0% (2020: 7.0%) was calculated for this revenue, which is in line with average royalty rates of comparable brands on the market. Income tax (tax rate: 32%; 2020: 32%) was deducted from this revenue to arrive at the forecast net royalties.

The pre-tax discount rate used for the royalty projections is 10.86% (2020: 10.08%). Royalties after the five-year period are extrapolated using a growth rate of 1.0% (2020: 1.0%). The impairment test indicated that fair value less selling costs does not exceed the value in use. As a result, no impairment was recognised.

13 DEFERRED TAXATION

DEFERRED TAX ASSET MOVEMENT SCHEDULE	**2021**	2020
in € thousand		
As at 1 January	**16,852**	**18,474**
Addition on acquisition of subsidiary	–	–
Credited/charged to Consolidated Income Statement	4,944	1,622
As at 31 December	**11,908**	**16,852**

DEFERRED TAX ASSETS	Tax losses carried forward	Other temporary differences	**Total**
in € thousand			
As at 1 January 2020	**16,867**	**1,608**	**18,474**
Credited/charged to Consolidated Income Statement	-1,415	-208	1,622
As at 31 December 2020	**15,542**	**1,400**	**16,852**
Credited/charged to Consolidated Income Statement	-4,585	-358	-4,943
As at 31 December 2021	**10,867**	**1,042**	**11,908**

DEFERRED TAX LIABILITIES	Temporary differences	**Total**
in € thousand		
As at 1 January 2020	**-53,256**	**-53,256**
Credited/charged to Consolidated Income Statement	2,555	2,555
As at 31 December 2020	**-50,701**	**-50,701**
Credited/charged to Consolidated Income Statement	2,264	2,264
As at 31 December 2021	**-48,437**	**-48,437**

Deferred tax assets due to timing differences mainly result from the recognition of loss carryforwards of €10,916 thousand (2020: €15,452 thousand), as well as from differences between IFRS and tax accounting recognition (IFRS 16) of lease liabilities of €1,042 thousand (2020: €1,148 thousand).

Deferred tax liabilities mainly result from the recognition of intangible assets acquired in the course of the takeover of LOTTO24 AG amounting to €43,575 thousand (2020: €46,005 thousand) and from the different valuations of goodwill under IFRS and tax law amounting to €3,853 thousand (2020: €3,447 thousand), as well as from the recognition of a right of use asset under IFRS 16 amounting to €954 thousand (2020: €1,090 thousand).

Total tax losses carried forward amount to €48,927 thousand as of 31 December 2021 (2020: €61,120 thousand). The tax losses predominately arose in the UK, Germany and Spain. The tax losses do not expire. With the exception of €34,436 thousand relating to LOTTO24 AG corporate tax and the €2,443 thousand relating to Ventura24 corporate tax, deferred tax assets have not been recognised in respect of these losses as there is currently uncertainty as to whether the related entities will generate sufficient taxable profit in the future against which the losses of €12,284 thousand at present (2020: €9,854 thousand) could be utilised.

As of December 31, 2021, the temporary difference between net assets and the tax bases of subsidiaries and associated companies (outside basis differences) amount to €126 million (2020: €113 million). Accordingly, €2.0 million (2020: €1.8 million) in deferred tax liabilities were not recognised as ZEAL is able to control the timing of their reversal and the temporary difference will not reverse in the foreseeable future.

14 OTHER INVESTMENTS

	2021	2020
in € thousand		
As at 1 January	**4,588**	**4,137**
Additions	989	–
Transfers	–	-58
Fair value adjustment through OCI	9,088	511
thereof Omaze Inc.	9,011	416
thereof Pick Media Limited	77	95
As at 31 December	**14,666**	**4,588**

ZEAL holds investments in Omaze Inc ('Omaze'), Pick Media Limited ('Pick my Postcode' or 'PMP') and De Integro Limited ('The Dream Makers'). On adoption of IFRS 9, as the investments were acquired for long term strategic purposes, they were designated FVOCI.

In December 2021, the companies eSailors Limited, Smartgames Technologies Limited and Lottovate Limited were put into liquidation. As the companies were placed under the administration of a liquidator, the Group lost control over these three companies and deconsolidated them. The Group recognised the fair value of these companies amounting to €989 thousand other investments. The fair value essentially corresponds to the cash and cash equivalents held by these companies of €773 thousand. The Group recognised a loss of €85 thousand from deconsolidation, which is disclosed in other operating expenses under indirect operating expenses.

Omaze Inc.

On 1 May 2017, the Group made a cash investment of €1,843 thousand (US$2,000 thousand) in Los Angeles based start-up Omaze. Omaze is disrupting charitable giving by offering once-in-a-lifetime experiences and exclusive merchandise in support of critical causes. The Group received preferred shares representing a 2.5% interest, a board observer seat and various rights to protect its shareholding. Following additional investments made by other investors between 2019 and 2021, the Group's interest as at 31 December 2021 amounts to 1.6% as a result of dilution.

Pick Media Limited

In December 2016, the Group acquired for €1,198 thousand (£1,000 thousand), a 10% interest in Pick Media Limited, which operates free daily lotteries – including the world's largest free ad-funded daily lottery, Pick My Postcode.

Valuation of other investments

Measurement of the fair value of ZEAL's investments is based on market prices if these are available. For Omaze, the last market price available was the one measured during the last investment round in September 2021. As no recent market price was available for PMP, the fair value of the investment (enterprise value) was calculated using a discounted cash flow model.

The fair value of ZEAL's shares in PMP were measured using an option pricing model (OPM). The option pricing model allocates the enterprise value of the investment amongst the individual shareholders, to determine the fair value of their investment.

The discounted cash flows forecast earnings before interest and tax for the next 5 years as well as cash flow projections. These budgets are based on past experience, planned developments and marketing strategies. The underlying growth rate varies between the investments. After year five a long-term growth rate has been applied in perpetuity. This growth rate is based on estimated long-term growth rates for the markets in which the investments operate. Accordingly, a terminal value has been applied using an underlying long-term growth rate of 1%. The cash flows are discounted to present value using a weighted average cost of capital ('WACC'). This WACC is considered to appropriately account for the uncertainty of how early start-up businesses will develop.

This model was also used for OMAZE in order to calculate a reference value to the fair value derived and recognised from the investment round in September 2021. This reference valuation did not result in the need to adjust the fair value determined from the last financing round.

The key inputs in the Omaze reference valuation and their sensitivity are shown below:

Valuation technique	Significant unobservable input	Value	Range	Sensitivity of the input to fair value
OPM	Volatility	25%	5%	A 5% increase (decrease) in the volatility would result in a decrease (increase) in fair value of < €5 thousand (<€5 thousand).

The key inputs in the PMP valuation and their sensitivity are shown below:

Valuation technique	Significant unobservable input	Value	Range	Sensitivity of the input to fair value
OPM	WACC	20%	5%	An increase (decrease) in WACC of 5% would result in a decrease (increase) in fair value of < €1 thousand (< €1 thousand).

There was no dividend income from any investment in 2021 (2020: €nil).

15 SHARES IN ASSOCIATED COMPANIES

The Group has placed investments in three associated companies; Furlong Gaming Limited, Cloud Canyon Limited and TH Travel Limited. In the fiscal year 2021, shares in associated companies developed as follows:

	2021	2020
in € thousand		
As at 1 January	**433**	**629**
Additions	405	377
Transfers	–	58
Share in losses of associated companies	-300	-213
Impairment	-266	-418
As at 31 December	**272**	**433**

In the fiscal year 2021, the Group recognised an impairment of €266 thousand for its associate Furlong Gaming Limited as the carrying amount of the company is no longer covered by expected future cash flows. In the fiscal year 2020, the Group recognised an impairment of €418 thousand for its associate Cloud Canyon Limited.

16 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets include the following:

	2021	2020
in € thousand		
Receivables from gaming operations	22,569	11,481
Security retainers	2,738	2,612
Other	665	369
Other current financial assets	**25,972**	**14,462**

Receivables from gaming operations include receivables from state lottery companies for customer winnings to be remitted as well as receivables from ongoing payment processing and own brokerage commission. Security retainers include, in particular, security deposits to the state lottery operators.

As in the previous year, all current financial assets have a remaining term of less than one year. No impairment losses were recognised as at the balance sheet date, as no significant losses were expected. In the previous year, no impairments were made either, as no default had occurred as at the balance sheet date. The COVID-19 pandemic does not lead to an increased default risk as the lottery business was not negatively affected (further details are provided in note 2.1.4 to the Consolidated Financial Statements).

17 OTHER ASSETS

Other assets include the following:

	2021	2020
in € thousand		
Advance payment to the tax office	–	56,470
Other non-current assets	**–**	**56,470**
Advance payment to the tax office	55,534	–
Other VAT receivables	115	300
Other current assets	**55,649**	**300**
Other assets	**55,649**	**56,770**

Following an agreement of myLotto24 with the tax authority Hannover-Nord in December 2019, myLotto24 made an interim payment of €54,316 thousand on the disputed VAT liability to the German tax authorities in January 2020. The payment was made to eliminate the risk of potential fines for late payment of taxes and to significantly reduce the amount of potential interest payments. The Management Board assumes that it is more likely than not that the finance court proceeding will be settled in the last instance in the favour of the Group. In this case, the VAT paid plus interest would be refunded to myLotto24, pursuant to section 233a (2) of the German Tax Code ('Abgabenordnung – AO').

The Group recognised an asset for this payment. The effective interest rate originally used to measure the asset was 4.33% and in took into account the interest rate applied by the tax authority in 2020 (6% p.a.), an interest-free grace period of 15 months (from the end of the year when the VAT was due according to the tax authority) as required by German tax law, and an estimated date of repayment on 30 June 2022. At the time of publishing this report, it is still not known when the court hearing will take place. For our assessment of the value of the receivable, however, we continue to take into account a repayment on 30 June 2022 and therefore disclose the receivable as a current other asset as at 31 December 2021. The present value of the receivable from the tax authority at 31 December 2020 amounted to €55,534 thousand.

On 18 August 2021, the Federal Constitutional Court published its ruling that the statutory interest rate of 6% p.a. on tax arrears was unconstitutional and no longer applicable for interest periods from 2019 onwards. No new interest rate has been set to date following the decision. However, in a draft bill published on 22 February 2022, the Germany Ministry of Finance proposed a new interest rate of 1.8% p.a. for interest periods from 1 January 2019. Based on this information, the Management Board expects a significantly lower interest rate to apply to the advance payment made and considers 1.8% p.a. to be an appropriate estimate. In addition, a law passed on 15 February 2021 extended the interest-free grace period from 15 months to 21 months for the assessment period 2019. The accrued interest asset has been adjusted accordingly. As at 31 December 2021, this change resulted in a reduction of €3,384 thousand in the receivable, which had a corresponding impact on the financial result.

The asset value for the advance payment developed as follows:

	2021	2020
in € thousand		
As at 1 January	**56,470**	**–**
Additions	–	54,316
Interest originally recognised (6%)	2,448	2,154
Adjustment of the interest rate from 6% to 1.8%	-3,211	–
Adjustment of the interest-free grace period for the assessment period 2019	-174	–
Interest income/expense from tax prepayments	**-937**	**2,154**
As at 31 December	**55,534**	**56,470**

18 CASH, CASH EQUIVALENTS AND PLEDGED CASH

	2021	2020
in € thousand		
Bank balances	71,900	52,678
Cash on hand	1	1
Pledged cash	179	3,139
Short term deposits	18,021	30,243
Cash, cash equivalents and pledged cash	**90,100**	**86,061**

Total cash and cash equivalents on 31 December 2021 amounted to €90,100 thousand (2020: €86,061 thousand).

Bank balances mainly comprise term deposits on short-term call and with variable interest rates held at various major European banks.

Included within the bank balances of €71,900 thousand (2020: €52,678 thousand) is an amount of €28,436 thousand (2020: €14,282 thousand) to cover customer liabilities. Pledged cash is €179 thousand (2020: €3,139 thousand).

At 31 December 2021, the ZEAL Group held shares in short-term deposits amounting to €18,021 thousand (2020: €30,243 thousand).

Movements in shares in equity funds and shares in short-term deposits in the period are as follows:

	2021	2020
in € thousand		
As at 1 January	**30,243**	**72,511**
thereof cash equivalents	30,243	69,586
thereof shares in equity funds	–	2,925
Acquired	10,985	18,512
Sold	-22,921	-60,968
Fair value movement	-286	-188
As at 31 December	**18,021**	**30,243**
thereof cash equivalents	18,021	30,243
thereof shares in equity funds	–	–

19 INTEREST-BEARING LOANS

On 16 July 2021, ZEAL concluded an agreement with Commerzbank AG concerning an instalment loan totalling €50,000 thousand, of which €8,700 thousand had been drawn by the end of 2021. This interest-bearing loan developed as follows:

		Cash			Non-cash			
	31.12.2020	Drawn	Repaid	Interest paid	Accrued interest	Change in fair value	Transfers	**31.12.2021**
in € thousand								
Interest-bearing loans (short-term)	–	-	–	-25	25	–	1,088	1,088
Interest-bearing loans (long-term)	–	8,700	–	–	–	–	-1,088	7,613
Total interest-bearing loans	**–**	**8,700**	**–**	**-25**	**25**	**–**	**–**	**8,700**

The effective interest rate is equal to the 3-month EURIBOR plus a margin of 1.6%. The loan matures on 30 June 2026 and is repayable in 16 equal quarterly instalments starting on 30 September 2022.

20 OTHER FINANCIAL LIABILITIES

Other non-current financial liabilities include the following:

NON-CURRENT	2021	2020
in € thousand		
Liabilities to customers	4,821	1,270
Other non-current financial liabilities	**4,821**	**1,270**

The non-current liabilities to customers amounting to €4,821 thousand (2020: 1,270 thousand) relate to the present value of future payments to be made to jackpot winners of the 'freiheit+' charity lottery due in more than one year.

Other current financial liabilities include the following:

CURRENT	2021	2020
in € thousand		
Liabilities to customers and game brokers	30,520	20,055
Current share of winnings from 'freiheit+'	420	120
Contract liabilities	162	–
Other current financial liabilities	**31,102**	**20,175**

21 OTHER LIABILITIES

Other current liabilities include the following:

	2021	2020
in € thousand		
VAT	1,458	1,076
Share-based remuneration	1,838	1,992
Other employee benefits	2,132	2,678
Payroll related taxes and social security payable	242	226
Other current liabilities	791	781
Total other current liabilities	**6,461**	**6,753**

22 PROVISIONS

in € thousand	Opening balance 01.01.2021	Utilised	Transfer	Release	Additions	**Closing balance 31.12.2021**
Provisions for litigation	930	–	–	-930	40	40
Provisions for severance costs	1,117	-738	–	-317	–	62
Provisions for outstanding invoices	217	-217	–	–	257	257
Total short-term provisions	**2,264**	**-955**	**–**	**-1,248**	**297**	**358**
Provisions for Austrian gaming duty	2,087	–	–	–	–	2,087
Provisions for share-based payments	2,069	–	-1,413	–	1,069	1,725
Provisions for dismantling obligations	189	–		–	–	189
Total long-term provisions	**4,345**	**–**	**-1,413**	**–**	**1,069**	**4,001**
Total provisions	**6,609**	**-955**	**-1,413**	**-1,248**	**1,367**	**4,360**

Provisions for litigation

In total, provisions for litigation amounted to €930 thousand in the previous year. In the fiscal year 2021, €930 thousand was released due to the settlement of litigation and €40 thousand was added, resulting in a current balance of €40 thousand.

Provisions for severance costs

As of 31 December 2020, severance provisions comprised the remaining expected redundancy and other costs associated with the Group's decision to restructure the business ahead of the acquisition of LOTTO24 AG. In fiscal 2021, €738 thousand of the provision was utilised when the last affected employees left the business. The remaining part of the provision has been released.

Provision for outstanding invoices

The provision for outstanding invoices amounting to €257 thousand relates to service charges and other costs related to empty offices rented by the Group in London. The provision is expected to be spent in the following year.

Provisions for Austrian gaming duty

The provision for €2,087 thousand at 31 December 2021 (2020: €2,087 thousand) represents the Management Board's best estimate of the probable eventual cash outflow resulting from tax investigations. In the fiscal years 2020 and 2021, no more revenue was generated from the secondary lottery business. Against this background and because the risk of a cash outflow still exists, there is no change compared to the previous year. The Management Board expects the cash outflow to occur after more than one year and has therefore classified the provision as non-current.

Provision for share-based payments

The Group operates a long-term incentive plan arrangement for certain employees. Further details are disclosed in note 26 to the Consolidated Financial Statements. The compensation to be paid in 2022 under this programme was transferred to other current liabilities.

Provisions for dismantling obligations

The provision for €189 thousand at 31 December 2021 (2020: €189 thousand) represents the Management Board's best estimate of the probable eventual cash outflow resulting from the expiry of the Group's office leases. The provision covers the estimated cost of the contractual obligation to return the offices to their state at the origination of the lease.

23 EQUITY

23.1 SHARE CAPITAL

The Company's share capital as at 31 December 2021 consists of 22,396,070 issued and fully paid no-par value ordinary shares (2020: 22,396,070). The shares have an imputed share of share capital of €1 each. With the exception of treasury shares held by the Company, each share has the right to dividends and there are no preference shares or restrictions.

23.2 AUTHORISED CAPITAL

The Management Board is not currently authorised to issue new shares. In particular, the Company has neither authorised nor conditional capital. When the term of Authorised Capital expired on 21 June 2021, the Management Board had not made use of it.

23.3 CAPITAL RESERVES

The balance of capital reserves represents the amounts received in excess of the imputed share of share capital of the ordinary shares. As at 31 December 2021, capital reserves amounted to €279,971 thousand (2020: €280,132 thousand). The decrease of €161 thousand is due to the sale of treasury shares under the Employee Stock Purchase Plan. Further details are presented in note 2.23 (V) to the Consolidated Financial Statements.

23.4 NON-CONTROLLING INTEREST

In 2019, following the acquisition of LOTTO24 AG, the Group recognised a non-controlling interest. This is the proportion of equity of LOTTO24 AG, Hamburg, Germany which is not attributable to the ZEAL Group but is instead attributable to the holders of the 5.1% non-controlling interest (2020: 6.6%).

On 21 July 2021, the Group decided to make an offer to the shareholders of LOTTO24 AG to buy all shares in LOTTO24 AG not directly held by ZEAL Network SE against payment of €380.97 per LOTTO24 share. The idea behind this purchase offer was to enable LOTTO24 AG to apply for a delisting of the LOTTO24 share. The offer acceptance period ran from 16 August 2021 to 13 September 2021 and the offer was accepted for a total of 22,834 LOTTO24 shares (corresponding to 1.42% of share capital). By the close of 13 September 2021, LOTTO24 shares ceased to be listed on the stock exchange. Following settlement of the offer on 23 September 2021, we now hold 1,527,520 LOTTO24 shares.

In line with the requirements of IFRS 12, the Group has disclosed the key financial information of LOTTO24 AG, as a standalone company at 31 December 2021:

in € thousand	**2021**	2020
Non-current assets	150,131	158,504
Current assets	71,299	38,803
Non-current liabilities	51,179	49,338
Current liabilities	39,565	27,594
Equity	130,687	120,381
Revenue	87,196	88,088
EBITDA	24,472	9,730
EBIT	16,078	8,641
Net profit	10,371	5,571

in € thousand	**2021**	2020
Cash flow from operating activities	23,136	8,253
Cash flow from investing activities	-154	-261
Cash flow from financing activities	-581	-706
Change in available funds	22,401	7,287

23.5 TREASURY SHARES

With a resolution of the Annual General Meeting on 27 July 2018, the Company was authorised to acquire 43,910 treasury shares in the period up to 31 December 2018 at a price of €43.34 per share. The Management Board has made full use of the authorisation. This resulted in the acquisition of 43,910 treasury shares at a price of €43.34 per share resulting in a total purchase price of €1,903 thousand in 2018.

In 2021, the Group sold 4,146 (2020: 7,195) treasury shares to its employees for a market price of €41.52 per share (2020: €22.05). The related personnel expenses amounted to €34 thousand (2020: €32 thousand).

23.6 EARNINGS PER SHARE

Earnings per share (basic and diluted) amounted to €0.48 (2020: €0.37) for the year ended 31 December 2021.

The weighted average number of shares for 2021 was 22,362,465 (2020: 22,357,556).

Basic earnings per share is calculated by dividing net profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing net profit or loss for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year (increased to account for the diluting effects from stock options, warrant agreements or any other plans in place at the Consolidated Statement of Financial Position date, which may lead to the issuance of an additional number of shares in the future). In fiscal year 2021, there was no dilutive effect as there were no such programs (2020: no dilutive effect).

23.7 OTHER RESERVES

Other reserves at 31 December 2021 amount to €10,473 thousand (2020: €1,385 thousand).

Other reserves include; the legal reserve in Ventura24 of €82 thousand (2020: €82 thousand) and the cumulative fair value movement in equity instruments (as recorded within other investments) of €10,391 thousand (2020: €1,303 thousand).

23.8 RETAINED EARNINGS

Retained earnings represents the cumulative income and expenses recorded by the Group since inception. Cumulative net income generated since inception has been derived from transactions settled with qualifying consideration.

24 SUBSIDIARIES

The list below includes all subsidiary undertakings. The principal country in which each of the below subsidiary undertakings operates is the same as the country in which each is incorporated. Effective interest is the Group's interest in the equity of the associated entity.

Name and registered office	Country	Principal activities	Nature of relationship with ZEAL	% effective interest	
				2021	2020
myLotto24 Limited Suite 1, 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB	United Kingdom	Lottery	Subsidiary	100	100
Tipp24 Services Limited Suite 1, 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB	United Kingdom	Support services	Subsidiary	100	100
Tipp24 Deutschland GmbH Burchardstraße 22 MBE 311 20095 Hamburg	Germany	Lottery	Subsidiary	100	100
Lottovate Deutschland GmbH Kurze Muehren 1 20095 Hamburg	Germany	Lottery	Subsidiary	100	100
Zeal Iberia S.L.U [1] Leganitos 47 28013 Madrid	Spain	Lottery	Subsidiary	100	100
Smartgames Technologies Limited [2] The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	In liquidation	Subsidiary	100	100
Lottovate Limited [2] 5th Floor One New Change, London, EC4M 9AF	United Kingdom	In liquidation	Subsidiary	100	100
ZEAL International Limited The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	Liquidated	Subsidiary	–	100
Tipp24 Investment 1 Limited The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	Liquidated	Subsidiary	–	100
Tipp24 Investment 2 Limited The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	Liquidated	Subsidiary	–	100
Lotto Network Limited The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	Liquidated	Subsidiary	–	100
eSailors Limited [2] The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	In liquidation	Subsidiary	100	100
Schumann e.K. [3] Straßenbahnring 11 20251 Hamburg	Germany	Lottery	Subsidiary	–	–

Name and registered office	Country	Principal activities	Nature of relationship with ZEAL	% effective interest	
				2021	2020
Geonomics Global Games Limited [2] The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	In liquidation	Subsidiary	100	100
Geo24 UK Limited The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	Liquidated	Subsidiary	–	100
Gratis Lotto Limited The Shard, 32 London Bridge Street, London, SE1 9SG	United Kingdom	Liquidated	Subsidiary	–	100
myLotto24 South Africa Pty Ltd 7 Martin Hammerschlag Way, Foreshore, Cape Town, 8001	South Africa	In liquidation	Subsidiary	100	100
Tipp24 Services Ltd (Malta) 93 Mill Street, QORMI QRM 3102	Malta	Liquidated	Subsidiary	–	100
myLotto24 Ltd (Malta) 85, St. John Street, Valletta, Malta	Malta	Support services	Subsidiary	100	100
ZEAL International Limited (Malta) 85 St John Street, Valletta, VLT 1165	Malta	Liquidated	Subsidiary	–	100
LOTTO24 AG Straßenbahnring 11 20251 Hamburg	Germany	Lottery brokerage	Subsidiary	95	93

1 The company name of Ventura24 S.L.U. was changed to Zeal Iberia S.L.U. in fiscal 2021.
2 Deconsolidated company. Further details can be found in note 14 to the Consolidated Financial Statements.
3 ZEAL Network SE does not have any indirect or direct shareholding in Schumann e.K. Due to an exclusive agreement with the Group, however, ZEAL is able to exercise a controlling influence over it in accordance with IFRS 10. Schumann e.K. is therefore included in the consolidated group.

25 PERSONNEL EXPENSES

The table below shows the full-time equivalent average number of employees (without students and temps) over the year.

DIRECTOR AND EMPLOYEE NUMBERS	**2021**	2020
Management Board	3	2
General Managers	3	3
Employees	151	153
Trainees	1	3
Total	**157**	**161**

Personnel expenses incurred during 2021 are included in the table below:

	2021	2020
in € thousand		
Salaries	16,855	19,488
Pension contributions	97	194
Social security contributions	2,096	2,188
Total personnel expenses	**19,048**	**21,870**

These figures include remuneration for the Management Board, further details of which are provided in note 33.1 to the Consolidated Financial Statements and the Remuneration Report.

Personnel expenses associated with the Group restructure were disclosed as non-recurring expenses and income in fiscal 2020; further details can be found in note 7 to the Consolidated Financial Statements. During 2021, €765 thousand (2020: €4,363 thousand) of these severance costs were paid and €nil of social security costs were paid (2020: €38 thousand).

26 SHARE-BASED PAYMENTS

The Group operates a long-term incentive plan arrangement for certain employees. It provides a cash payment to the employees, which is based on an individual base amount, which is broken down into a number of virtual shares by using the volume weighted average ZEAL share price in XETRA trading on the Frankfurt Stock Exchange in the last three months before the reporting date of the year in which the scheme is granted. The amount is vested over three years and is then payable. The final pay-out is valued using the individual virtual shares multiplied by the average share price of the last three months of the third year.

The provision is valued during the holding period using the last available share price (less expected dividends over the remaining term) multiplied with the individual number of virtual shares. The cash payment has no exercise price and therefore the weighted average exercise price in all cases is €nil.

The carrying amount of the liability relating to the long-term incentive plan at 31 December 2021 was €3,563 thousand (2020: €4,061 thousand). Of this amount, €1,838 thousand (2020: €1,992 thousand) represents virtual shares exercisable on 31 December 2021 and is recognised as other current liabilities for employee benefits. The total expense recognised for the long-term incentive plan was €1,492 thousand (2020: €3,042 thousand), of which €423 thousand relate to virtual shares exercisable on 31 December 2021 (2020: €1,386 thousand). Movements in the number of virtual shares awarded can be found below:

	2021	2020
in € thousand		
Outstanding at the beginning of the year	**148,574**	**110,219**
Granted during the year	35,038	53,765
Exercised in the year	-49,009	-10,496
Forfeited in the year	-4,556	-4,914
Outstanding at the end of the year	**130,046**	**148,574**
Exercisable at 31 December	**47,403**	**32,209**

The weighted average remaining contractual life of the outstanding awards is 0.90 years (2020: 1.04 years).

27 LEASES

27.1 AS A LESSEE

The Group leases assets including office space and machinery.

The Group leases office space in London. The lease ends in July 2028, the terms state however that the Group can terminate it early in July 2025. The Group expects to exercise the early termination option and the IFRS 16 calculation has been prepared based on the lease ending in 2025.

The Hamburg offices leases contain a clause that annually increases by the consumer price index for Germany as determined by the Federal Statistical Office (base 2010 = 100) compared to the status in the month of the start of lease ('first basis month'). Annually, the rent increases by index changes between the last adjustment-based index status and the index status in the last month of the elapsed rental year. In line with the requirements of IFRS 16 the variable payments have been included in the calculation of the initial lease liability and right of use asset, based on the CPI rate on the date the contract was entered into. The lease liability and right of use asset are annually adjusted once the change in rent is known. The Group has no other variable lease payments.

Information about leases for which the Group is a lessee are presented below:

COST	Property	Office equipment	Total
in € thousand			
As at 1 January 2020	**9,780**	**26**	**9,806**
Additions	67	–	67
Disposals	-3,545	-26	-3,571
As at 31 December 2020	**6,302**	**–**	**6,302**
Additions	71	–	71
Disposals	–	–	–
As at 31 December 2021	**6,373**	**–**	**6,373**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Property	Office equipment	Total
in € thousand			
As at 1 January 2020	**-1,315**	**-13**	**-1,328**
Additions	-1,498	–	-1,498
Disposals	1,025	13	1,038
As at 31 December 2020	**-1,788**	**–**	**-1,788**
Additions	-747	–	-747
Disposals	–	–	–
As at 31 December 2021	**-2,535**	**–**	**-2,535**

BOOK VALUE	Property	Office equipment	Total
in € thousand			
As at 31 December 2020	**4,513**	**–**	**4,513**
As at 31 December 2021	**3,838**	**–**	**3,838**

In November 2020, the Group entered in an agreement with the lessor to terminate the lease of a part of its offices in Hamburg which were neither used, nor sublet. Following this agreement, the lease liability and the right-of-use assets were adjusted to take into account the new expected lease payment for the building. Then, the Group recorded an impairment charge of €243 thousand in relating to the remaining right-of-use asset.

The Group has recognised lease liabilities on the face of the Consolidated Statement of Financial Position. A maturity analysis of the contractual undiscounted rental payments for the lease liability is shown in note 32.3 to the Consolidated Financial Statements.

The following amounts have been recognised in the Consolidated Income Statement:

	2021	2020
in € thousand		
Interest on lease liabilities	288	320
Expenses relating to leases of low value assets, excluding short-term leases of low value items	14	25
Depreciation and impairment on right of use assets	747	1,498

The effect on the Consolidated Statement of Cash Flows was as follows:

	2021	2020
in € thousand		
Cash inflow/outflow from operating activities	–	–
Cash outflow from financing activities	-1,824	-2,983

27.2 AS A LESSOR

Operating leases

In fiscal 2020, the Group generated income from a sublease, which was classified as an operating lease, as not all of the risks and rewards of ownership of the underlying asset were substantially transferred. During fiscal 2020, the Group earned income of €221 thousand (2021: €nil) from this sublease (minus ancillary costs). This lease expired in 2020.

Finance leases

Since December 2019, the Group subleases part of its Hamburg office. This is classified as a finance lease. In fiscal 2019, this resulted in the recognition of a short-term net investment balance in finance leases of €392 thousand and a long-term net investment balance in finance leases of €654 thousand.

In March 2020, the Group entered into an agreement to sublet the remaining part of its London office. This lease was classified as a finance lease as the risks and rewards of ownership were substantially transferred. As a result, the Group released the corresponding right of use asset, amounting to €2,410 thousand, in 2020 and recognised a net investment balance of €3,481 thousand (€432 thousand short-term and €3,049 thousand long-term). This resulted in a disposal gain of €1,071 thousand.

In 2021, the Group recognised interest income of €1,209 thousand from these subleases of €128 thousand (2020: €138 thousand).

The following table sets out a maturity analysis of payments from finance leases as of 31 December 2021:

2021	Future payment from finance lease	Unrealised finance income (compounding)	Present value of the lease payment at the balance sheet date
in € thousand			
In the first year	1,280	-83	1,196
Short-term net investment in finance lease	**1,280**	**-83**	**1,196**
In the second year	661	-53	608
In the third year	881	-25	856
In the fourth year	168	-1	167
Long-term net investment in finance lease	**1,710**	**-80**	**1,630**
Total	**2,990**	**-163**	**2,827**

The following table sets out a maturity analysis of payments from finance leases as of 31 December 2020:

2020	Future payment from finance lease	Unrealised finance income (compounding)	Present value of the lease payment at the balance sheet date
in € thousand			
In the first year	1,347	-122	1,225
Short-term net investment in finance lease	**1,347**	**-122**	**1,225**
In the second year	998	-78	920
In the third year	625	-52	573
In the fourth year	824	-24	800
In the fifth year	157	-1	156
Long-term net investment in finance lease	**2,604**	**-154**	**2,450**
Total	**3,951**	**-277**	**3,675**

28 DIVIDENDS

At the Annual General Meeting on 30 June 2022, the Management Board and Supervisory Board will propose a dividend of €2.10 per share (2020: €0.90 per share), representing a total payout to shareholders of around €47.0 million (2020: €20.2 million).

Cash flows from dividends paid are classified under financing activities in the Consolidated Statement of Cash Flows and the dividends paid are deducted from retained earnings in the Consolidated Statement of Changes in Equity.

29 COMMITMENTS AND CONTINGENCIES

CONTINGENT LIABILITIES

There is significant uncertainty as to whether VAT is due in respect of certain services provided by the myLotto24 Sub-Group to customers domiciled in the European Union from 1 January 2015. Furthermore, there is uncertainty in respect of the tax base to be applied in the event that it is ultimately determined that VAT is due on any of these services. Based on a thorough legal assessment, which included a review of the existing legal framework of relevant Member States and existing case law, the Management Board consider that the likelihood of outflow of economic resources is not probable and timing of associated financial impact is uncertain. Accordingly, the Management Board has not recorded any liability in the Consolidated Financial Statements. It is estimated that in the event that ZEAL is unsuccessful in its defence, the potential financial impact at 31 December 2021 would be €77.8 million (2020: €76.6 million) exclusive of tax impact.

The Fiscal Court of Hanover had ruled on 19 November 2019 to uphold the appeal by myLotto24 against the assessment of the corresponding VAT. In the meantime, the tax office has filed an appeal against the decision of the tax court. Following an agreement of the ZEAL subsidiary myLotto24 with the tax authority Hannover-Nord in December 2019 myLotto24 made the corresponding interim VAT payment of €54.3 million to the German tax authorities in January 2020. Further details are provided in note 17 to the Consolidated Financial Statements.

With the payment of €54.3 million in January 2020 (see note 17 to the Consolidated Financial Statements), the Group avoided the risk of penalty payments. As at 31 December 2021, the remaining payout risk amounts to €23.8 million (2020: €22.3 million).

UK EXIT TAX

As of the 31 December 2021, the Management Board reviewed the appropriateness of the UK exit tax paid in connection with the relocation of the Company's registered office from London to Hamburg in October 2019, as uncertainty has arisen over the tax treatment of a registered office relocation in the context of the UK's exit from the EU ('Brexit').

Even after this reassessment, the Management Board believes that there is still no overwhelming probability of an outflow of funds. Consequently, a corresponding provision has not been recognised in the statement of financial position. As there is a residual risk of payment, a contingent liability of €2,500 thousand was recognised. This corresponds to the theoretical taxation of the difference between the acquisition price paid and the weighted three-month average price of the LOTTO24 shares before the relocation of the registered office.

OTHER FINANCIAL COMMITMENTS

In the fiscal year 2021, the Group had financial commitments from contracts, including cooperation agreements. As at 31 December 2021, the ZEAL Group had other commitments of €6,610 thousand (2020: €nil), mainly relating to the renewal of the cooperation agreement with ONCE, which are due between 2022 and 2026.

30 RELATED PARTIES

The members of the Management Board and Supervisory Board of ZEAL, as well as their immediate relatives are regarded as related parties in accordance with IAS 24 'Related party disclosures'.

Note 24 to the Consolidated Financial Statements provides information about the Group's structure, including details of each subsidiary.

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 €150 thousand for fiscal year 2021 (2020: €126 thousand). Schumann e.K. is again included in the consolidated group. ZEAL's business with Schumann e.K. was terminated with a termination agreement dated 8 February 2022, which also terminates the cooperation with Günther Direct Services GmbH.

Since June 2014, LOTTO24 AG has a cooperation agreement with Staatliche Lotterie-Einnahme Günther KG. The shareholder with power of representation (general partner) of Staatliche Lotterie-Einnahme Günther KG, Oliver Jaster is a 'related party' as defined by IAS 24 with regard to both Staatliche Lotterie-Einnahme Günther KG and ZEAL and its affiliate, LOTTO24 AG. The cooperation agreement relates to the sale of the NKL and SKL class lotteries via the LOTTO24 AG website (lotto24.de, since 2020 also tipp24.com) with effect from 1 July 2014. Customers selecting class lottery products on lotto24.de or tipp24.com and enter further data for purchase and registration on a special landing page are subsequently redirected to the guenther.de site, where they can purchase these class lottery products. For successful redirecting, LOTTO24 AG receives a permanent fixed percentage of the class lottery revenue generated by these customers. In addition, advertising allowances are settled for joint advertising campaigns. Prior to signing the agreement, LOTTO24 AG had solicited several offers from various class lottery brokers in order to gauge standard market conditions and ultimately decided in favour of the offer made by the Günther companies. In the fiscal year 2021, the Group generated income of €154 thousand (2020: €91 thousand) from this business relationship. Receivables at the end of the year amounted to €18 thousand (2020: €5 thousand).

Jens Schumann is a Member of the Supervisory Board and 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 licences to natural persons or companies in which neither the liability of the company nor its direct and indirect partners is limited. A cooperation agreement existed between ZEAL and Schumann e.K. governing the processing of game participation of class lottery customers by Schumann e.K. was in place from 2 June 2009 and terminated by means of a termination agreement dated 8 February 2022. Under the terms of the agreement, Schumann e.K. had to pay all commissions and other lottery brokerage fees collected in this context to ZEAL. ZEAL provided Schumann e.K. with services in the field of controlling, bookkeeping, marketing and technical services and bore the costs incurred by Schumann e.K. in running its operations. As Schumann e.K. is included in the Consolidated Financial Statements of the ZEAL Group as at 31 December 2021, all charges and income were eliminated in full in the Consolidated Financial Statements.

As Jens Schumann operates Schumann e.K. in the interest of ZEAL, ZEAL had 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 was limited to the extent that fulfilment of this indemnification should 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 year.

Marc Peters, a member of the Supervisory Board of ZEAL, was an investor in Lottostarlet Limited ('Lottostarlet'), a lottery operator registered in Malta, until the end of 2021. In 2019, Tipp24 Services entered into a Games Service Agreement with Lottostarlet. In 2020, Tipp24 Services recognised €1,396 thousand (2021: €nil) of revenue in relation to this agreement, of which €193 thousand (2021: €nil) was outstanding at the year-end. Also during 2020, myLotto24 entered into an Infrastructure Services Agreement with Lottostarlet. Under this agreement, myLotto24 made available various technology services to Lottostarlet. In 2020, myLotto24 recognised €236 thousand (2021: €nil) of revenue in relation to this agreement, of which €32 thousand (2021: €nil) was outstanding at the year-end. On 18 December 2020, the business relationship of Tipp24 Services and myLotto24 with Lottostarlet was terminated.

Please refer to note 33 to the Consolidated Financial Statements and the Remuneration Report for details on Management Board and Supervisory Board remuneration. A charge of €1,356 thousand (2020: €2,322 thousand) has been recognised in the Consolidated Income Statement for the Director's long-term incentives.

Key Management Personnel disclosures have been made in the Remuneration Report and note 33 to the Consolidated Financial Statements.

There were no other significant transactions with related parties during the fiscal year.

31 CAPITAL MANAGEMENT

All major decisions concerning the financial structure of all individual segments and of the Group as a whole are taken by the Management Board of ZEAL. Only operating capital management for the online-brokerage business is handled by the subsidiary LOTTO24.

Neither the segments nor the Group as a whole have 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 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 of the Germany segment consists of shareholders' equity and €8,700 thousand of external debt. The capital of the Other segment consists solely of shareholders' equity.
- The amount of each segment's surplus equity (in other words, the proportion 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 can continue to leverage its financial position to secure funding to finance growth or future acquisitions. On 26 November 2020, ZEAL and LOTTO24 AG concluded a Credit Facility Agreement with Commerzbank AG for an amount of €7,000 thousand. As at 31 December 2021, this facility had not been drawn. On 16 July 2021, ZEAL signed an Instalment Loan Agreement with Commerzbank AG for an amount of €50,000 thousand and had drawn €8,700 thousand as at year-end 2021.

The capital capacity and requirements of each segment are reviewed on at least a quarterly basis by the Management 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. Moreover, all external minimum capital requirements to which ZEAL was subject were met in the financial year.

The risks to which ZEAL is exposed are described in the risk report section of the Management Report.

32 DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

32.1 FAIR VALUE

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

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

Other investments have been designated as FVOCI. At 31 December 2021, the fair value of these investments was €14,666 thousand (2020: €4,588 thousand). For an explanation of the method used to determine the fair value (enterprise value) of the underlying businesses ZEAL has invested in, please see note 14 to the Consolidated Financial Statements.

For all level 1 financial instruments the carrying amount approximates the fair value and are classified as held at amortised cost, with the exception of cash equivalents. Cash equivalents have been designated as fair value through profit or loss. At 31 December 2021, the fair value of these cash equivalents and other short-term equity funds was €18,021 thousand (2020: €30,243 thousand). Financial assets are quoted and their fair value is based on the price quotations at the reporting date.

During 2021, there were no transfers between level 1, level 2 and level 3 fair value measurements.

32.2 CREDIT RISK

The scope of the credit risk of ZEAL equals the sum of cash, cash equivalents and other short-term equity funds, trade receivables and other receivables. The maximum credit risk at the reporting date is the carrying amount of trade receivables and other financial assets, as well as cash, cash equivalents and pledged cash disclosed in the Consolidated Statement of Financial Position.

Impairment losses on cash equivalents and other short-term equity funds recognised in profit or loss were as follows:

	2021	2020
in € thousand		
Impairment loss on receivables from gaming operations	–	–
Impairment loss on trade receivables	457	884
Impairment loss on cash and other financial assets	–	–
Total impairment loss	**457**	**884**

Cash and cash equivalents

There may be a default risk both in respect of the cash and cash equivalents themselves, as well as the related interest accrued.

Due to the high total amount of cash and cash equivalents held by ZEAL, and their resulting absolute and relative importance, extensive management processes have been established to steer and regularly monitor the Company's investment strategy.

Cash, cash equivalents and other short-term equity funds 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 the Group's investment strategy is to preserve capital – even at the expense of expected returns.

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 short-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.

Cash equivalents and other short-term equity funds are held at fair value through profit or loss and therefore not assessed for impairment.

Trade receivables

The Group mainly collects the amounts owed by customers directly, via direct debit or credit card. Missing amounts from such returned direct debits or credit card charges are booked as trade account receivables and due immediately. 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 cost is recognised directly in the income statement in the event of payment default by a customer.

At 31 December 2021, €382 thousand (2020: €596 thousand) of receivables from customer direct debits or credit card payments were impaired. Of the €596 thousand impaired receivables at 31 December 2020, the Group has been able to recover an amount of €141 thousand. The Group recognises impairments for failed payments as soon as they occur. Efforts to recover the amounts are continued for six weeks. After this time, the respective receivables are fully written off if payment cannot be expected. The Group has considered this in determining the appropriate level of lifetime credit losses for amounts owed by customers.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

in € thousand	2021	2020
As at 1 January	**596**	**484**
Net re-measurement of loss allowance	457	884
Amounts written off and sold	-672	-772
As at 31 December	**382**	**596**

The decrease in value adjustments is mainly due to the sale of doubtful receivables which was carried out for the first time in the 2021 financial year. Doubtful receivables from this and the previous fiscal year totalling €326 thousand were sold.

Receivables from gaming operations

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

The COVID-19 pandemic did not lead to an increased risk of default as the lottery business was not negatively impacted (further details are provided in note 2.3 to the Consolidated Financial Statements).

Contingent assets

There are no contingent assets.

32.3 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 its liabilities at any time. Financial liabilities are mainly due immediately and do not accrue interest.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

YEAR ENDED 31 DECEMBER 2021	Within 1 year	Within 1–3 years	Within 3–5 years	Over 5 years	Total
in € thousand					
Trade payables	3,699	–	–	–	3,699
Interest-bearing loans	1,179	6,673	1,092	–	8,944
Other financial liabilities	31,301	840	840	3,935	36,916
Lease liability	2,009	3,353	1,478	555	7,395
Total	**38,188**	**10,865**	**3,410**	**4,490**	**56,953**

YEAR ENDED 31 DECEMBER 2020	Within 1 year	Within 1–3 years	Within 3-5 years	Over 5 years	Total
in € thousand					
Trade payables	3,608	–	–	–	3,608
Other financial liabilities	20,175	240	240	1,175	21,830
Lease liability	1,741	3,363	2,437	1,136	8,678
Total	**25,524**	**3,603**	**2,677**	**2,311**	**34,116**

32.4 INTEREST RATE RISK

The ZEAL Group invests the majority of its funds in a combination of fixed term deposits. There is no general risk from changing interest rates for these funds as the interest rates are contractually defined and not dependent on market rates. By contrast, the ZEAL Group's bank balances are exposed to negative interest rates charged by those banks operating the accounts due to the persistently negative base rate of the European Central Bank. Furthermore, an interest rate based on the EURIBOR was agreed for the loan concluded with Commerzbank in July 2021; accordingly, the ZEAL Group also bears the risk of an increase in the base rate. A sensitivity analysis was conducted for the portfolio of cash, cash equivalents and loans held on 31 December 2021 with an interest rate increase of 100 basis points. Assuming no changes are made to the portfolio in response to the interest rate increase, the net interest expense would fall by €181 thousand (2020: €nil).

32.5 CURRENCY RISK

Due to certain exchange rates, the Company is exposed to a currency risk arising from payments received and made in foreign currencies which differ from the Company's functional currency. These are not always offset by payments in the same currency of the same amount and with the same maturities.

For the presentation of currency risks, IFRS 7 requires sensitivity analyses, which display the effects of hypothetical changes of the relevant risk variables on earnings and equity. In order to determine the currency risk, a fluctuation of 10% of the Euro against currencies where the earnings of the Company are exposed to was assumed at 31 December 2021.

On the basis of this assumption, a 10% increase in the value of the euro against the British pound would result in a positive effect of €81 thousand (2020: €294 thousand) on earnings. A devaluation of 10% would result in a negative effect of €41 thousand (2020: €294 thousand) on earnings.

In the year ended 31 December 2021, there was a loss from foreign exchange movements on financial instruments of €48 thousand (2020: gain of €250 thousand).

Short-term investments currently held do not bear any material currency risk.

33.1 MANAGEMENT BOARD

In the fiscal year 2021, the Supervisory Board appointed two additional members of the Management Board. With effect from 5 June 2021, Paul Dingwitz was appointed to the Management Board with responsibility for Information Technology. With effect from 1 July 2021, Sönke Martens was appointed to the Management Board with responsibility for Marketing and Brand Management.

In the fiscal year 2021, the Management Board of ZEAL comprised the following members:

- Dr Helmut Becker (Chief Executive Officer)
- Paul Dingwitz (Chief Technology Officer)
- Sönke Martens (Chief Operations Officer)
- Jonas Mattsson (Chief Financial Officer)

The members of the Management Board work on a full-time basis. Their remuneration in fiscal year 2021 comprised the following elements:

MANAGEMENT BOARD REMUNERATION	2021	2020
in € thousand		
Fixed remuneration	1,469	1,157
Short-term incentives	745[1]	785
Long-term incentives	1,356	2,322
Retirement and other benefits	13	22
Total Management Board remuneration	**3,583**	**4,286**

[1] *Subject to final appraisal by the Supervisory Board*

The amounts disclosed in the table were recognised as an expense in the reporting period. As at 31 December 2021, short-term incentives of €745 thousand (2020: €785 thousand) and long-term incentives of €1,356 thousand (2020: €2,322 thousand) were outstanding. These are included in current other liabilities and non-current provisions, respectively.

33.2 SUPERVISORY BOARD

The following persons held seats on the Supervisory Board of ZEAL in fiscal year 2021:

- Peter Steiner (Chairman of the Supervisory Board)
- Oliver Jaster (Deputy Chairman)
- Thorsten Hehl (regular member)
- Jens Schumann (regular member)
- Marc Peters (regular member)
- Frank Strauß (regular member)

The total remuneration of the Supervisory Board of ZEAL amounted to €637 thousand in the fiscal year 2021 (2020: €670 thousand); this includes €88 thousand (2020: €108 thousand) for Supervisory Board remuneration reported by other Group companies. As at 31 December 2021, €637 thousand was outstanding (2020: €670 thousand).

33.3 DISCLOSURES ACCORDING TO SECTION 160 (1) NO. 8 AKTG

In accordance with section 160 (1) no. 8 of the German Stock Corporation Act (AktG), shareholdings in the Company notified to us in accordance with section 33 (1) of the German Securities Trading Act (WpHG), respectively section 21 (1) of the German Securities Trading Act (WpHG; superseded version) and published by us in accordance with section 40 (1) of the German Securities Trading Act (WpHG), respectively section 26 (1) of the German Securities Trading Act (WpHG; superseded version) are reproduced below. Please note that the total number of voting rights of the Company has changed from 8,872,319 at the time of the first stock exchange listing on 12 October 2005 to 7,985,088 as of 23 January 2009, 8,385,088 as of 30 April 2013 and 22,396,070 as of 8 May 2020.

Morgan Stanley, Wilmington, Delaware, United States of America, notified us that on 18 June 2021 its share of voting rights in the Company amounted to 10.13% (2,268,021 voting rights of 22,396,070). According to section 34 WpHG, 10.13% (2,268,021 voting rights) are attributable to Morgan Stanley. 3% or more of voting rights (10.05%) are held directly by Morgan Stanley & Co. International plc at the stated time.

UBS Group AG, Zurich, Switzerland, notified us that on 12 May 2021 its share of voting rights in the Company amounted to 13.96% (3,125,886 voting rights of 22,396,070). According to section 34 WpHG, 13.96% (3,125,886 voting rights) are attributable to UBS Group AG. 3% or more of voting rights (12.80%) are held directly by UBS AG at the stated time.

Marc Peters notified us that on 3 July 2012 his percentage of voting rights in the Company via shares fell below the threshold of 5% and on this day amounted to 4.82% (corresponding to 384,715 voting rights).

Additional Information on Notified Shareholdings in the Company

From 7 February 2014 to 25 October 2019, the registered office of the Company was in the United Kingdom. During this period, notifications of major holdings in the Company were subject to the provisions of the British Disclosure and Transparency Rules (DTR). The following major holdings in the Company notified to us in accordance with DTR5.1.2 R and published by us in accordance with section 40 (1) of the German Securities Trading Act (WpHG) are voluntarily reproduced in addition to the information required under section 160 (1) no. 8 of the German Stock Corporation Act (AktG):

Oliver Jaster notified us that his proportion of voting rights in the Company on 24 October 2019 amounted to 33.89% (7,577,378 voting rights of 22,352,1601). On this date, 33.89% are held indirectly (Article 10 of Directive 2004/109/EC) (DTR5.2.1). Also on this date, 3% or more of the voting rights are held directly by Othello Vier Beteiligungs GmbH & Co. KG (30.06%) and Othello Drei Beteiligungs GmbH & Co. KG (3.83%).

Working Capital Advisors (UK) Limited, London, United Kingdom, notified us that its proportion of voting rights in the Company on 25 September 2019 amounted to 20.18% (4,511,693 voting rights). On this date, 20.18% of voting rights are held indirectly (Article 10 of Directive 2004/109/EC) (DTR5.2.1). Also on this date, 3% or more of the voting rights are held directly by Working Capital Partners, Limited (11.55%) and High Street Partners, Limited (8.63%).

Jens Schumann notified us that his proportion of voting rights in the Company on 14 May 2019 amounted to 3.58% (800,209 voting rights of 22,352,160[1]). On this date, 3.58% of voting rights are held directly (Article 9 of Directive 2004/109/EC) (DTR5.1).

Lottoland Holdings Limited, Gibraltar, notified us that its proportion of voting rights in the Company on 11 January 2019 amounted to 5.53% (463,499 voting rights of 8,385,088). On this date, 5.53% of voting rights are held directly (Article 9 of Directive 2004/109/EC) (DTR5.1).

[1] Number of shares in the company excluding the 43,910 treasury shares held by the Company at the date referred to In the notification.

33.4 DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO SECTION 161 AKTG

In accordance with section 161 AktG, the Supervisory Board and Management Board have issued a Declaration of Conformity with the German Corporate Governance Code and made it permanently available to shareholders on page 21 of this Annual Report and via the Company's website (zealnetwork.de).

34 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Ukraine conflict leads to increased uncertainties for the global economy and for our customers

The escalation of the Russia-Ukraine crisis, which led to the start of a military conflict on 24 February 2022, is burdening the development of the global economy and may also lead to uncertainties for the customers of the ZEAL Group. Even though the ZEAL Group has no direct relationships with companies and customers in the affected countries and, due to its business model, does not expect any significant negative effects from supply chain bottlenecks or the development of energy prices, the Management Board is unable to conclusively assess how the uncertainties likely to arise from this situation will affect demand and thus its future business development.

No other significant reportable events occurred up to the date of preparation of the Consolidated Financial Statements.

Hamburg, 22 March 2022

The Management Board

Dr Helmut Becker Chief Executive Officer	Paul Dingwitz Chief Technology Officer
Sönke Martens Chief Operations Officer	Jonas Mattsson Chief Financial Officer

Independent Auditor's Report

To ZEAL Network SE

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of ZEAL Network SE, Hamburg, and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the fiscal year from 1 January to 31 December 2021, consolidated statement of financial position as at 31 December 2021, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of ZEAL Network SE for the fiscal year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of the Group Corporate Governance Statement that is part of the group management report and was published on the website indicated in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ['Handelsgesetzbuch': German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the fiscal year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the Group Corporate Governance Statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as 'EU Audit Regulation') and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report' section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. IMPAIRMENT OF GOODWILL AND OF OTHER INTANGIBLE ASSETS

Reasons why the matter was determined to be a key audit matter

IGoodwill and other intangible assets with indefinite useful lives are reported in the consolidated financial statements of ZEAL Network SE as a result of the acquisition of LOTTO24 AG, Hamburg.

To test these material items, which comprise goodwill and the brand of LOTTO24 AG, for impairment, the executive directors of ZEAL Network SE determine the fair value less cost to sell of the cash-generating units (CGU) as of 31 December each year or ad hoc. The executive directors determine fair value less costs of disposal using valuation models according to the discounted cash flow method on the basis of the corporate planning for multiple years approved by the Supervisory Board. The assumptions underlying the valuation model (especially the discount rates, forecast cash inflows, growth rates and return on capital employed) are determined by the executive directors of ZEAL Network SE and are subject to judgment.

The fair values less cost to sell have a significant effect on the recognition of goodwill and intangible assets in the consolidated financial statements as of 31 December 2021. In light of its materiality, the complexity of the valuation models and the executive directors' use of judgment in making assumptions, we consider the determination of fair values to be a key audit matter.

Auditor's response

As part of our audit, we analyzed the process implemented by ZEAL Network SE's executive directors and the recognition and measurement policies applied to determine the fair values of the cash-generating unit and obtained an understanding of the process steps.

We analyzed the corporate planning by comparing it with the results actually achieved in the past and the current development of business figures. We discussed the significant assumptions underlying the business growth and business performance forecasts with the executive directors and assessed them on the basis of the information received.

The other significant valuation assumptions, such as the discount and growth rates, were analyzed with the support of internal valuation specialists on the basis of an analysis of market indicators. As even minor changes in the discount rate can have a significant effect on the fair value, we obtained an understanding of the inputs used to determine the discount rate by comparing them with publicly available market information. With the aid of sensitivity analyses, we assessed impairment risks arising when significant valuation assumptions change. We also checked the clerical accuracy of the valuation models.

Our procedures did not lead to any reservations relating to the determination of the fair values.

Reference to related disclosures

The Company provides information on goodwill and the other intangible assets in the notes to the consolidated financial statements in section '11 Goodwill' and '12 Intangible assets'; further explanatory notes on recognition and measurement policies are contained in the notes to the consolidated financial statements in section '2 Accounting policies' under '2.3 Significant judgements and estimates.' With regard to the recognition and measurement policies applied, we refer to the Company's disclosures in the notes to the consolidated financial statements in section '2. Accounting policies' under '2.13 Intangible assets' and '2.15 Impairment.'

2. RECOGNITION OF LOTTERY BROKERAGE REVENUE

Reasons why the matter was determined to be a key audit matter

In the consolidated financial statements of ZEAL Network SE, revenue is recognized, in particular, from commissions received by the Group for brokering and transmitting lottery tickets and stakes to the state lottery companies and from the additional charges paid by customers less cash discounts, customer bonuses and rebates. In view of the different contractual arrangements relating to staggering of commission amounts, cash discounts, customer bonuses and rebates, we consider the recognition of revenue from commissions to be complex.

In light of the materiality and complexity, we consider revenue recognition to be a key audit matter.

Auditor's response

As part of our audit, we assessed the recognition and measurement policies applied in the consolidated financial statements of ZEAL Network SE for the recognition of revenue on the basis of the five-step model defined in the standard for revenue recognition, IFRS 15. During our audit we obtained an understanding of the processes implemented by the executive directors for revenue recognition and the deferral of expected cash discounts, customer bonuses and rebates by reference to individual transactions from the receipt of the order to recognition in the consolidated financial statements of ZEAL Network SE and tested the controls in place in this process. In addition, we tested on a sample basis whether the amount of the contractually agreed staggered commissions was recognized in revenue on an accrual basis. We examined whether the revenue items for fiscal year 2021 correlate with the corresponding trade receivables to identify any irregularities in the development of revenue. We also analyzed the correlation of revenue in fiscal year 2021 with the related transaction volume, with reference to the development of the jackpot, to identify any irregularities.

Our procedures did not lead to any reservations relating to revenue recognition.

Reference to related disclosures

The Company provides information on revenue in the notes to the consolidated financial statements in section '4. Revenue.' With regard to the recognition and measurement policies applied, we refer to the Company's disclosures in the notes to the consolidated financial statements in section '2. Accounting policies' under '2.6 Revenue.'

Other information

The Supervisory Board is responsible for the Supervisory Board Report. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ['Aktiengesetz': German Stock Corporation Act] on the German Corporate Governance Code, which is part of the Group Corporate Governance Statement. In all other respects, the executive directors are responsible for the other information. The other information comprises the remaining parts of the annual report, except for the audited consolidated financial statements and group management report, in particular

- The Supervisory Board Report pursuant to Sec. 171 (2) AktG
- The Group Corporate Governance Statement referred to above
- The declaration of conformity with the Corporate Governance Code in accordance with Sec. 161 AktG, which is published outside the group management report
- The responsibility statement pursuant to Sec. 297 (2) Sentence 4 HGB and Sec. 315 (1) Sentence 6 HGB
- The section 'Poor jackpot situation – profitability doubled,' 'Executive Review,' 'About ZEAL,' 'The ZEAL Share' and 'Sustainability report.'

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the 'ESEF documents') contained in the file 'ZEAL_Network_SE_KA-KLB_ESEF-2021-12-31.zip' (SHA-256-checksum: 50946e8d52a69ddcac41afca0d214de2ea79271a-3f90f65bdf52ee773b689e06) and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ('ESEF format'). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above. Under those requirements, our assurance likewise does not extend to the tagging of the individual disclosures in the notes to the consolidated financial statements performed voluntarily by the Company.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the accompanying file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January to 31 December 2021 contained in the 'Report on the audit of the consolidated financial statements and of the group management report' above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above. Furthermore, we do not express any assurance opinion on the Company's voluntary tagging of individual group disclosures in the notes to the consolidated financial statements.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the accompanying file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (10.2021). Our responsibility in accordance therewith is further described in the 'Group auditor's responsibilities for the assurance work on the ESEF documents' section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 1 June 2021. We were engaged by the Supervisory Board on 13 January 2022. We have been the auditor of ZEAL Network S since fiscal year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

We have provided the following services which are disclosed in the consolidated financial statements as audit services and audit-related services in accordance with Sec. 314 (1) No. 9 a) and b) HGB in conjunction with Sec. 315e (1) HGB in addition to the audit of the financial statements for the group companies:

- Support to ZEAL Network SE in connection with the enforcement procedure
- Preparation of an ISAE 3000 assurance report for a subsidiary of ZEAL Network SE

The services in question are permitted non-audit services within the meaning of Art. 4 (2) of the EU Audit Regulation.

Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Bundesanzeiger [German Federal Gazette] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Carl-Heinz Klimmer.

Hamburg, 22 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Brorhilker	Klimmer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Appendix to the auditor's report:

We did not audit the content of the following parts of the group management report that are considered 'other information':

Group Corporate Governance Statement

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group

Hamburg, 22 March 2022

The Management Board

Dr Helmut Becker	Paul Dingwitz	Sönke Martens	Jonas Mattsson
Chief Executive Officer	Chief Technology Officer	Chief Operations Officer	Chief Financial Officer

KEY CONSOLIDATED FIGURES

		2021	Q4 2021	Q3 2021
Customers				
Cost per lead, Germany Segment	€	27.94	29.61	17.65
New registered customers, Germany Segment		544,436	98,670	154,916
Average billings per user per month, Germany Segment	€	56.77	58.02	54.43
Average monthly active users, Germany Segment	thousand	964	938	982
Income statement	€ thousand			
Billings		656,474	163,282	160,340
Revenue		83,334	18,281	20,536
Gross margin, Germany Segment		12.2%	12.0%	12.0%
EBITDA		27,734	10,085	6,981
EBIT		19,045	7,969	4,795
EBT		16,654	5,895	3,374
Profit for the year		11,404	4,060	1,668
Statement of financial position	€ thousand			
Cash, cash equivalents and securities (incl. pledged cash, cash equivalents and securities)		90,100	90,100	133,032
Total non-current assets		327,067	327,067	389,902
Assets		503,398	503,398	536,126
Current liabilities		48,660	48,660	80,861
Non-current liabilities		69,796	69,796	70,885
Equity		384,942	384,942	384,380
Equity and liabilities		503,398	503,398	536,126
Cash flow	€ thousand			
Cash flow from operating activities		26,156	-41,849	59,811
Cash flow from investing activities		-411	-546	97
Cash flow from financing activities		-21,816	-540	-279
Personnel				
Number of employees (full time equivalents)	No.	157	155	154
Personnel expenses	€ thousand	-19,048	-4,563	-4,236
Expenses per employee	€ thousand	121	29	28
Share				
Average number of shares (undiluted)	No.	22,362,465	22,363,501	22,363,501
Earnings per share (undiluted)	€	0.48	0.12	0.07
Operating cash flow per share (undiluted)	€	1.17	-1.87	2.67
Ratios	%			
EBITDA margin		33.3	55.2	34.0
Net operating margin		13.7	22.2	8.1
Return-on-equity (ROE)		3.0	1.1	0.4

Q2 2021	Q1 2021	2020	Q4 2020
32.12	33.48	27.79	28.79
134,865	155,985	918,156	159,695
58.36	56.36	55.07	61.28
968	966	986	984
169,539	163,313	652,756	180,999
21,897	22,620	87,023	22,566
12.0%	12.7%	12.3%	12.3%
6,101	4,567	17,331	6,772
3,919	2,362	5,375	2,511
4,506	2,879	7,856	2,261
3,192	2,484	7,893	1,356
73,404	88,968	86,061	86,061
385,278	387,895	387,601	387,601
477,432	491,275	492,034	492,034
33,917	32,254	36,051	36,051
62,078	60,684	62,721	62,721
381,437	398,337	393,262	393,262
477,432	491,275	492,034	494,334
5,118	3,076	5,371	7,865
3	35	-51,051	-104
-20,757	-240	-21,539	60
154	164	192	190
-5,088	-5,161	-21,870	-5,277
33	31	114	28
22,363,501	22,359,355	22,357,556,00	22,359,355,00
0.14	0.11	0.37	0.08
0.23	0.14	0.24	0.35
27.9	20.2	19.9	30.0
14.6	11.0	9.1	6.0
0.8	0.6	2.0	0.3

FINANCIAL CALENDAR

12 May 2022	Publication of Quarterly Statement Q 1 2022
30 June 2022	Annual General Meeting
11 August 2022	Publication of Half-Year Report 2022
10 November 2022	Publication of Quarterly Statement Q 1–3 2022

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