

DEFINING THE FUTURE OF LOTTERY

ANNUAL REPORT 2023



ZEAL

LAUNCH OF GAMES AS MAJOR MILESTONE

€116.1m

REVENUE, TOTAL

(2022: € 105.2m) +10%

€32.9m

EBITDA

(2022: 31.7m) +4%



Highlights

- Strong growth in billings and revenue
- Successful launch of games offering
- EBITDA improved despite heavy investment in new customer acquisition and brand building

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Lotteries

€671.8m

CUSTOMER PAYMENTS FOR LOTTERIES

(2022: €601.7m) +12%

€843.3m

BILLINGS FROM LOTTERIES

(2022: €758.4m) +11%

€105.7m

REVENUE FROM LOTTERIES

(2022: €98.2m) +8%

15.7%

CUSTOMER PAYMENTS MARGIN, LOTTERIES

(2022: 16.3%) -0.6pp

12.5%

GROSS MARGIN, LOTTERIES

(2022: 12.9%) -0.4pp

€7.68

Ø REVENUE FROM LOTTERIES

Per active lottery customer per month

(2022: €7.65) +0%

Games

€8.5m

CUSTOMER PAYMENTS FOR GAMES

(2022: nil)

€41.6m

BILLINGS FROM GAMES

(2022: nil)

€3.0m

REVENUE FROM GAMES

(2022: nil)

35.6%

CUSTOMER PAYMENTS MARGIN, GAMES

(2022: nil)

7.3%

GROSS MARGIN, GAMES

(2022: nil)

€25.82

Ø AVERAGE REVENUE FROM GAMES

Per active lottery customer per month

(2022: nil)

Due to the launch of our games business at the end of June 2023, we now report the financial measurements and indicators presented above separately according to 'lotteries' and 'games'. The definitions of these financial measurements and indicators can be found in the 'Management System' section on pages 62 and 63 of this Annual Report.

OUR MISSION

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

Defining the future of lottery!

As a technology company, we constantly strive to enrich our offerings with new innovations. To achieve this, we leverage our many years of experience in the e-commerce sector, our lottery expertise and our knowledge of our customers' wishes, aims and gaming behaviour.

We let people dream. We make a contribution to society.

Our products enable 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-run lotteries.



ZEAL STARTS NEW CHAPTER FOR ONLINE LOTTERIES

LADIES AND GENTLEMEN,

The ZEAL Group continued to grow in 2023: we tapped new markets and target groups and achieved important milestones. We actively utilised periods with high jackpots to significantly expand our business volume and attract new customers. Our LOTTO24 brand in particular has become a veritable magnet for jackpots – it produced more record winners last year than any other lottery provider in Germany. We also reached a milestone that had long been in our plans with the launch of a B2C games offering. And by systematically driving our sustainability strategy and joining the World Lottery Association, we have significantly raised our public profile.

SUCCESSFUL USE OF JACKPOT SITUATION BOOSTS BUSINESS VOLUME

All in all, the jackpot environment was on a par with the previous year. There were several high jackpot phases for both the 'Eurojackpot' and 'LOTTO 6aus49' lotteries, which we actively used to boost our business volume. The 'Eurojackpot' reached the maximum amount of €120 million once for two consecutive draws in June 2023 (2022: twice, including once for two consecutive draws) and exceeded the €100 million mark three further times in January 2023, August 2023 and late December 2023 (2022: one more time). In 2023, the 'LOTTO 6aus49' jackpot reached the €45 million mark three times, including once for two consecutive draws, which led to a mandatory payout. In the previous year, the maximum jackpot was reached twice for two consecutive draws, resulting in two mandatory payouts. With the adaptation of the jackpot rule, which came into force on 1 November 2023, maximum jackpots of up to €50 million are possible in future. At the same time, the mandatory payout after reaching the maximum jackpot amount was abolished, meaning that the jackpot can stay in place even after more than two draws.

In this jackpot environment, the growth of our customer base enabled us to raise billings from lotteries by 11% (€84.9 million) to €84.3 million (2022: €758.4 million), while our marketing expenses increased by just 6% (€1.9 million) to €36.0 million (2022: €34.1 million). In order to strengthen our most important brand, LOTTO24, we ran several integrated brand campaigns and expanded our TV presence in particular. In general, we stepped up our marketing efforts during the high jackpot phases. However, in phases in which media costs were particularly high, we targeted our acquisition activities in order to optimise the efficiency of our marketing expenditure. All in all, we were able to gain 597 thousand new registered customers (2022: 703 thousand). With the increase in billings, our revenue from lotteries rose by 8% (€7.4 million) to €105.7 million (2022: €98.2 million). The slightly below-average growth of revenue relative to billings growth was mainly due to two major winnings totalling €2.3 million for our charity lottery 'freiheit+' (2022: nil). Including these two major winnings, our gross margin from lotteries amounted to 12.5% (2022: 12.9%). Without the two major winnings, the gross margin from lotteries in 2023 would have been 12.8% and thus almost at the prior-year level. In addition, the launch of our virtual slot machine games ('games') in June 2023 resulted in a first-time revenue contribution of €3.0 million. At Group level, total revenue therefore amounted to €116.1 million (2022: €105.2 million).

»In 2023, we tapped new business fields and achieved strong growth for our core business.«

Helmut Becker, CEO



Paul Dingwitz, CTO • Helmut Becker, CEO • Sebastian Bielski, CFO

EBITDA UP DESPITE INVESTMENT IN FUTURE GROWTH

Due to the hiring of extra staff and higher variable remuneration than in the previous year, personnel expenses rose by €3.7 million to €22.6 million (2022: €18.9 million). Other operating expenses rose by €5.0 million to €62.0 million (2022: €57.0 million). We therefore raised EBITDA by €1.2 million to €32.9 million (2022: €31.7 million). At €23.6 million, EBIT was also up on the previous year (2022: €22.9 million). Owing to a €1.4 million decline in the financial result and a €2.4 million increase in the tax burden, net profit of €13.7 million was below the prior-year level (2022: €16.6 million).

ZEAL TAPS NEW BUSINESS FIELDS WITH LAUNCH OF ONLINE GAMES

Probably the most significant highlight of the past year was the launch of our games offering. After a long wait and intensive preparations, our subsidiary LOTTO24 AG has been permitted to offer games on its portals (LOTTO24, Tipp24) for the first time since the licence was granted in April 2023. We entered the market with a small games portfolio in late June 2023 and had already expanded it to 46 titles by the end of the year. In the coming fiscal year, we will continue to significantly expand our range. As well as launching further games in the existing category, we are also working on broadening and diversifying our current games portfolio. We are in close contact with the relevant regulatory body on this matter. At the moment, however, we cannot yet foresee whether and when games in further categories will be authorised.

OWN LOTTERY CLUBS OFFER COMPETITIVE ADVANTAGE

In January 2023, we launched the 'Play with Friends' feature, thus enabling our customers to enjoy an exceptional gaming experience also outside the high jackpot phases. It allows players to set up private lottery clubs so they can play together with selected friends, family members and acquaintances – from work, the pub or their club. After all, most games are more fun when you play with friends – and lotto is no exception! Our 'Play with Friends' feature brings the experience of playing the lottery together into the digital world and we are delighted to bring even more joy to our customers with this offering. This not only strengthens customer loyalty, but also raises the playing frequency and helps us gain new players.

BIGGEST AD CAMPAIGN EVER AND CELEBRITY COOPERATION

In July 2023, we launched the biggest advertising campaign in LOTTO24's history with the aim of raising awareness of our LOTTO24 brand and expanding our customer base even further in future. In addition to a new TV commercial, it included an out-of-home ad campaign as well as content on YouTube and Meta. During the high jackpot phase in summer 2023, we also worked together with Kürsat Yildirim, better known to the public as multiple lottery winner 'Chico'. As part of this collaboration, he called on his community to play the lottery together with LOTTO24's 'Play with Friends' offering.

RECORD GROWTH FOR 'FREIHEIT+'

2023 was a record year for our own charity lottery 'freiheit+': with a total of 10.3 million sold tickets, it achieved year-on-year growth of 12% (2022: 9.2 million). Growth was strongest in the fourth quarter: 'freiheit+' sold 3.1 million tickets, up 26% on 2022 (Q4 2022: 2.4 million).

»At the same time, we drove our future development and reached our profitability targets.«

Sebastian Bielski, CFO

WLA MEMBERSHIP STRENGTHENS TRUST IN OUR BRANDS

A further milestone for ZEAL was being accepted as a member of the World Lottery Association (WLA), a global organisation of state-licensed lotteries, sports betting providers and suppliers. Being invited to join this group is a testament to our strong industry reputation – also globally – and represents a commitment for us to comply with the WLA standards for social responsibility, responsible gaming, security and risk management.

€319 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 2023, around €3.3 billion (2022: almost €3.2 billion) was generated by DLTB lottery stakes in Germany and transferred in the form of taxes and levies to the beneficiaries and the respective state budgets. This corresponds to €9.0 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 own lottery 'freiheit+' and 'Deutsche Fernsehlotterie', the proportion of stakes that benefit good causes via taxes and levies is even a minimum of 47%.

In the fiscal year 2023, brokerage of stakes under our LOTTO24 and Tipp24 brands generated €319 million (2022: €286 million) for important social and community projects.

¹ Source: German Association of State Lottery Companies (DLTB).

»In 2023, we optimised our platform for new products and adapted it to the growing demand, thus demonstrating our agility.«

Paul Dingwitz, CTO

154 BIG WINNERS, OF WHICH 33 MILLIONAIRES

2023 was a top jackpot year for the players of LOTTO24 and Tipp24, as most of Germany's record jackpots in the past year were paid out to our customers: LOTTO24 players won the 'Eurojackpot' of over €100 million twice last year. In 2023, the 'LOTTO 6aus49' jackpot reached the (former) record amount of €45 million twice and was won both times by LOTTO24 customers. With a total prize volume of €615 million, more than 1.6 million customers were delighted to receive news of their winnings. The 154 big winners with amounts of at least €100 thousand include 33 new millionaires – including two big winners of our charity lottery 'freiheit+'.

Our biggest winners in the past year were three LOTTO24 players: a 36-year-old player from Hamburg who won over €117 million from 'Eurojackpot' in August 2023, followed by a 61-year-old player from Bremerhaven who won almost €107.5 million in a 'Eurojackpot' draw in January and a 63-year-old player from Hamburg who won €45 million in April from 'LOTTO 6aus49'.

There were also two big winners of our 'freiheit+' lottery: the main prize in May 2023 went to a 49-year-old LOTTO24 player, and in November 2023 to a 23-year-old Tipp24 player. Both winners live in Bavaria. The main 'freiheit+' prize comprises a one-off payment of €250 thousand and an immediate monthly pension of €5,000 for the next 15 years.

NEW COMPOSITION OF ZEAL'S MANAGEMENT BOARD

We also made changes to ZEAL's Management Board in 2023: the Supervisory Board appointed Sebastian Bielski as Chief Financial Officer as of 1 October. He is responsible for Finance, Investor Relations and ESG and succeeds Jonas Mattsson, who has decided not to extend his mandate beyond the current term. Mr Bielski has more than ten years of experience in senior roles at high-growth internet companies, as well as eight years of experience in investment banking and private equity.

With effect from 1 December 2023, the ZEAL Management Board was also reduced to three members. Sönke Martens has decided not to prolong his Management Board service agreement as Chief Commercial Officer ending in June 2024.

DIVIDEND POLICY

Due to the positive result, the Management Board and Supervisory Board will propose a dividend of €1.10 at the Annual General Meeting on 28 May 2024 (2022: €3.60 per share consisting of a basic dividend of €1.00 and a special dividend of €2.60). This represents a total payout to shareholders of around €23.8 million (2022: €78.0 million).

OUTLOOK 2024

In our fiscal year 2024, we plan to further extend our position as the leading online provider of lottery products in Germany, to drive the growth of our recently launched games offering and to launch new products in the field of charity lotteries. Depending on the general conditions – and an average jackpot development – we expect revenue to be in the range of €140 million to €150 million in the fiscal year 2024. EBITDA is expected to be in the range of €38 million to €42 million.

DEAR SHAREHOLDERS,

In the fiscal year 2023, we successfully expanded our core business, invested in the sustainable enhancement of brand awareness, expanded our customer base and launched a new business field with our games offering. We once again reached important milestones and look forward to a successful future in which we continue to develop and expand business in line with our targets. Thank you for continuing to support us on this journey.

Hamburg, 19 March 2024

The Management Board



Helmut Becker
Chief Executive Officer



Sebastian Bielski
Chief Financial Officer



Paul Dingwitz
Chief Technology Officer

Helmut Becker, CEO

Helmut Becker has been CEO of ZEAL since 1 September 2015 after being Chief Marketing Officer (CMO) for more than two years. He was previously a member of the Supervisory Board of ZEAL as of mid-2011 and Chief Commercial Officer of XING AG as of September 2009, where he was responsible for the Product, Marketing and Revenues divisions. Before joining 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 in Germany and Director Strategy and Corporate Development for eBay. He began his career as a consultant at McKinsey. Helmut Becker studied physics at the University of Hamburg and the University of Cambridge.

Sebastian Bielski, CFO

Sebastian Bielski, is Chief Financial Officer (CFO) of the ZEAL Group and responsible for Finance, Investor Relations and ESG. With a degree in business administration, his professional focus is on managing and ensuring all financial matters of the ZEAL Group as well as on financial management and financial reporting. Furthermore, he is responsible for the support and acquisition of investors. He is also responsible for the management and strategic expansion of the ESG division. Prior to his career at ZEAL, Sebastian Bielski was CFO at the online credit comparison portal smava and Chief Strategy Officer at the online food ordering company Delivery Hero, among others. In total, he has more than ten years of experience in senior positions at high-growth, consumer-facing internet companies and eight years of experience in investment banking and private equity.

Paul Dingwitz, CTO

Paul Dingwitz has been a member of the ZEAL Management Board since 5 June 2021 after being in charge of Technology Operations, Security and Engineering at ZEAL for more than five years. He has more than 20 years of experience working in the technology sector and has held executive positions for more than ten of those years. 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).

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 2023

The Supervisory Board held a total of eight meetings in 2023. All meetings were attended by all members. The Supervisory Board held five meetings as video conferences in order to reduce travel to an appropriate level with regard to climate change mitigation. Members were physically present at three meetings.

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. 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, especially with regard to lotteries and games.
- 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 monitoring and discussion of focus areas relating to the management's ESG strategy and sustainability issues.
- The continuous improvement of corporate governance and the adaptation to new statutory requirements.
- The determination of target attainment for the members of the Management Board for the fiscal year 2022 as well as the setting of targets for the fiscal year 2023 (short-term variable remuneration).
- The composition of the Management Board, including a successor for the position of Chief Financial Officer and the distribution of tasks within the Management Board.
- The Annual and Consolidated Financial Statements of ZEAL Network SE and their audit.
- 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 five meetings in 2023. Among other things, the Chairman's Committee dealt with the target achievement and target definition for Management Board members, the content of the Management Board service agreement of Sebastian Bielski and the settlement agreements of Jonas Mattsson and Sönke Martens. Jonas Mattsson stepped down from the Management Board at the end of 30 September 2023. Sönke Martens left the Management Board at the end of 30 November 2023.

AUDIT COMMITTEE

The Audit Committee held six meetings in 2023, which were all attended by the Chief Financial Officer. Key matters dealt with by the Audit Committee during 2023 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 2023 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 did not hold any meetings in 2023.

SPECIAL COMMITTEE

The Special Committee held no meetings in 2023. In view of the changes to the Management Board's composition, it was no longer necessary to make a decision 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 in accordance with its responsibilities. With a resolution adopted by the Supervisory Board on 28 February 2024, the Special Committee was disbanded.

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 available to the public as part of the Corporate Governance Statement published on ZEAL's website (zealnetwork.de).

SUPERVISORY BOARD CHANGES

At the request of the Supervisory Board and Management Board, the Hamburg Local Court appointed Kenneth Chan as a member of the Supervisory Board by court order. The court appointment was made with effect from 26 January 2023 for the period until the Annual General Meeting of the Company on 9 May 2023. The Annual General Meeting elected Kenneth Chan as a member of the Supervisory Board on 9 May 2023 until the end of the Annual General Meeting which ratifies the actions of the Management Board for the fiscal year 2025.

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 2023 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 2023 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 (now: EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft), Hamburg, who issued an unqualified audit certificate in each case. The Annual General Meeting on 29 May 2023 appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as independent auditors for the Company and the ZEAL Group for the fiscal year 2023. Andreas Möbus has signed the audit since the fiscal year 2022 and Alexander C. Opaschowski (the audit partner responsible) since the fiscal year 2023.

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 11 March 2024, which was also attended by the independent auditors. The Audit Committee also examined the separate non-financial report (Sustainability Report), which was however not included in the audit of the financial statements. At the Supervisory Board meeting on 19 March 2024, 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. In the course of the audit procedures, a weakness in the ICS was identified that resulted in changes to the Business Central accounting system not being documented in full on the system side. This weakness existed as of September 2023 and was remedied in February 2024. For the period in which this control is classified as ineffective, the appropriateness of the accounting system was ensured by means of mitigating controls. At this meeting, the Management Board explained the Financial Statements and Consolidated Financial Statements of the Company.

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 approve the Annual Financial Statements and the Consolidated Financial Statements. The Annual Financial Statements are thereby adopted. We have endorsed the Management Board's proposal that the net profit available for distribution be used to pay out a dividend of €1.10 per share entitled to a dividend and that the remaining amount be carried forward.

We would also like to express our sincere gratitude to all employees and the members of the Management Board for their consistently high level of commitment.

Hamburg, 19 March 2024

A handwritten signature in black ink, appearing to read 'Peter Steiner', written in a cursive style.

Peter Steiner
Chairman of the Supervisory Board

THE ZEAL SHARE

ZEAL offers further attractive
dividend in 2023

STOCK MARKETS 2023

Despite numerous unfavourable factors in 2023 – such as the wars in Ukraine and Israel, weak economic growth in many European countries and in the most important sales market, China, as well as high inflation – the capital markets largely made up for the losses suffered in 2022. In view of the overall situation, this was not necessarily to be expected.

Due in part to falling inflation and thus higher real incomes, the DAX closed 2023 at 16,751.64 points – close to its all-time high and with year-on-year growth of 20%.

With an annual performance of 17%, the SDAX was not quite able to keep pace with the DAX, but still performed significantly better than the MDAX, which rose by 8%.

ZEAL SHARE PERFORMANCE

As in the previous year, the ZEAL share went through two phases in 2023: until the Annual General Meeting on 9 May 2023, it clearly outperformed the SDAX (+15%) with an interim performance of +38% versus the start of the year. This trend was probably due in part to the announcement of the special dividend of €2.60 in addition to the basic dividend of €1.00 and the receipt of a licence to operate games. Due to the dividend payment and profit-taking, the share then fell to €32 as of the end of May and subsequently remained in a relatively narrow corridor of between €30 and €35 for the rest of the year. On the last trading day of the year (29 December 2023), ZEAL shares closed at €33.30 – representing an annual performance of 18% in 2023. Including the dividend, our shareholders enjoyed a total shareholder return of 31% in the stock exchange year 2023.

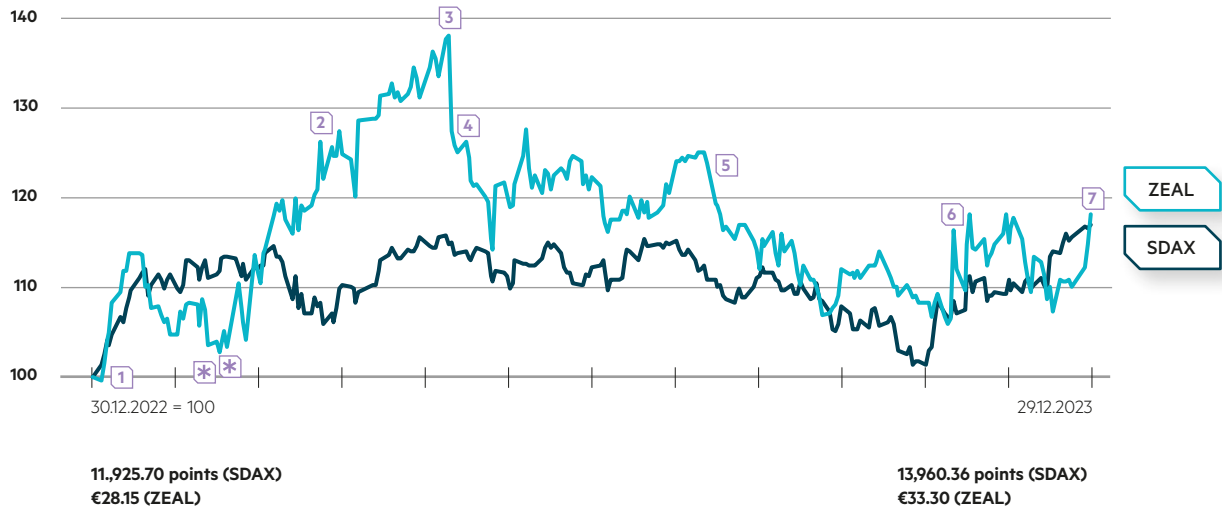
SDAX CHANGE

As of 18 December 2023, the ZEAL share is no longer included in the SDAX but continues to be listed in Deutsche Börse's Prime Standard segment. The reason for the exclusion is that the ZEAL share fell below the minimum liquidity requirement under the rules of the 'Guide to the DAX Equity Indices' in last year's trading, while the other basic criteria for inclusion in the SDAX were met.

ANNUAL GENERAL MEETING

Following the end of the coronavirus crisis, we were able to hold our Annual General Meeting in person once again at the Riverside Hotel in Hamburg on 9 May 2023. With a total attendance of around 77% of the 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 for the fiscal year 2022. Due to the ZEAL Group's positive liquidity situation, the Management Board and Supervisory Board had proposed a total dividend payout of €78 million to the Annual General Meeting. This corresponded to a basic dividend of €1.00 per share for the fiscal year 2022 and a special dividend of €2.60 per share. In addition to the approval of the Remuneration Report and the elections to the Supervisory Board, the election to the Supervisory Board of Kenneth Chan, Managing Director of Working Capital, was also adopted with a large majority.

ZEAL share performance



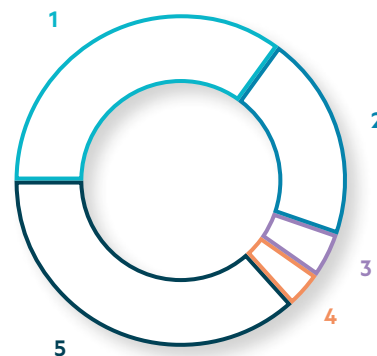
- 1 02.01. Opening price/lowest price
 2 24.03. Publication of Annual Report 2022
 3 09.05. Annual General Meeting/highest price
4 11.05. Publication of Quarterly Statement Q.I 2023
 5 10.08. Publication of Half-yearly Financial Report 2023
6 09.11. Publication of Quarterly Statement Q.III 2023
 7 29.12. Closing prices
 * Ad-hoc notifications

SHAREHOLDER STRUCTURE

As of 31 December 2023, 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 2023, the Company held 738,894 treasury shares. This corresponds to around 3.3% of share capital. The treasury shares result from a public share repurchase of 714,285 ZEAL shares in 2022 plus a further 24,609 ZEAL shares from a buyback in 2018.

According to published voting rights notifications and additional information received from shareholders, the shareholder structure as of 20 March 2024 was as follows:

35.17%	1	Günther Group
20.15%	2	Working Capital
4.46%	3	Marc Peters
3.58%	4	Jens Schumann
36.64%	5	Free float



DIVIDEND

Our dividend policy in the past years was based on continuity and sustainable earnings development, with corresponding investments in the development of our business. As announced, we paid a basic dividend to our shareholders of €21.7 million for the fiscal year 2022 (€1.00 per share) in 2023. Due to the Company's positive liquidity situation, an additional special dividend of €56.3 million (€2.60 per share) was distributed.

Based on the positive result, a dividend of €1.10 will be proposed at the coming Annual General Meeting on 28 May 2024. This represents a total payout to shareholders of around €23.8 million. Depending on the ZEAL Group's performance, we also plan to distribute further increased amounts to our shareholders in the coming years in the form of dividends and/or as part of share buyback programmes.

CONFERENCES AND ROADSHOWS

As in the previous years, our Investor Relations team sought and maintained an open, in-depth and ongoing dialogue with the capital market in the fiscal year 2023. It focused on transparent communication with private shareholders, national and international institutional investors and equity research analysts. In numerous discussions, ZEAL's Management Board and Investor Relations team explained the Company's key financial figures, strategy and business development. All annual and interim reports, presentations and webcasts of conference calls are made permanently available on our website (www.zealnetwork.de). In 2024, 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 2023, we were covered by the analysts of Hauck & Aufhäuser Privatbankiers AG, Joh. Berenberg, Gossler & Co. KG, Jefferies International Limited 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
Designated sponsor	M.M.Warburg & CO

¹International Securities Identification Number

Key figures for the ZEAL share	2023	2022
Number of shares on reporting date	22,396,070	22,396,070
Highest price (in €)	39.00	39.95
Lowest price (in €)	28.00	24.90
Share price on reporting date (in €)	33.30	28.15
Market capitalisation on reporting date (in € million)	745.79	630.45
Average daily trading volume (in € thousand)	181	350
Earnings per share (in €)	0.59	0.72

SUSTAINABILITY REPORT

Foreword

Dear stakeholders,

We are game changers. We let people dream. To offer our customers a unique and safe gaming experience, we embrace innovative technologies and strive to constantly push the envelope. At the same time, acting responsibly is one of the key values of our business model. It is our 'licence to operate' and the basis of the licence we have been granted to operate in the highly regulated gaming market.

At ZEAL, we attach great importance to taking personal responsibility. 'Act like an owner' is therefore one of our guiding principles. It gives me great pride to see that sustainability at ZEAL is not something that is simply dictated from above, but something that is actively demanded from within the organisation. This positive dynamic has played a key role in our remarkable development in the third year of sustainability reporting – a year in which we once again made both quantitative and qualitative progress.

We conducted a stress test on our reporting in order to prepare in good time for the EU's demanding European Sustainability Reporting Standards (ESRS). Among other things, this test revealed the need to update our materiality analysis in order to assess topics even more precisely with regard to their impact and financial relevance. In 2023, we added an exciting and innovative range of virtual slot machine games ('games') to our lottery products. This makes us the only provider to offer such a service so far. In order to fulfil our responsibility and meet the strict legal requirements in this field as well, we have examined the product safety and player protection requirements even more intensively and, as part of an environmental scan, discovered where we can go the extra mile. Our continuous efforts in recent years have also been recognised by ESG rating agencies, which raised our sustainability ratings even further.

With regard to our workforce, we introduced a Working Hours Policy in 2023, which in particular contains standards and regulations on our working hours, office interaction and work-life balance. Our highly skilled employees are one of our most important success factors. Our sustainability efforts are therefore also born of a commitment to them to provide a workplace that combines economic success with the all-important commodity of a sustainable world worth living in. Diversity is of particular importance to us. In order to actively promote a diverse corporate culture, we have established a dedicated working group for diversity management at ZEAL.

For 2024, we have also resolved to continue our process of developing a comprehensive sustainability strategy. This will be our compass for determining the direction of our sustainability efforts and for setting our targets and activities.

We are proud of the progress we have made so far with regard to sustainability and look forward to further progress as we continue to shape the future of gaming as a sustainable company. Join us on this journey!

Best regards,



Helmut Becker

About this Sustainability Report

This non-financial report (Sustainability Report) documents ZEAL's progress in the achievement of our sustainability goals. It is the third report of its kind we have presented and covers the period of the past fiscal year from 1 January 2023 to 31 December 2023. Unless otherwise stated, all information in this report relates to ZEAL Network SE (ZEAL SE) including our brands LOTTO24, Tipp24, ZEAL Iberia, ZEAL Instant Games, ZEAL Ventures and 'freiheit+' as well as our locations in Hamburg (Germany), London (United Kingdom) and Madrid (Spain).

We have further developed our sustainability strategy. Important elements for this were, on the one hand, the findings from our stakeholder engagement process conducted in 2021/22, from the new EU Corporate Sustainability Reporting Directive (CSRD) and from the processing of the ratings we received from the ESG rating agencies MSCI, ISS and Sustainalytics. For this purpose, we have developed tools which enable us to systematically collect our findings, translate them into measures and effectively steer them.

The topic of sustainability is embedded within the Company on an interdepartmental and thus interdisciplinary basis. Representatives from the People & Culture, Compliance, Investor Relations, Legal, Risk, Corporate Development, Finance, Project Management and Office Management departments play a particularly important role in helping us achieve further progress in our sustainability efforts. They are continuously involved in sustainability-related issues and decision-making processes.

In order to compare our performance over time, we use the presentation of three-year periods (2021, 2022, 2023) in this report whenever possible. Where necessary, figures in this report have been rounded in accordance with common commercial standards. Percentage figures may add up to 98-102% due to rounding differences.

METHODOLOGY AND FRAMEWORKS

In order to achieve the highest possible standards in our sustainability reporting and facilitate the comparability of our economic and socio-ecological performance across the sector in which we operate, we base our methods on various frameworks.

As this report focuses on the needs of ZEAL's stakeholders, we are primarily guided by the recommendations of the Global Reporting Initiative (GRI) and its multi-perspective stakeholder approach, as well as by the German Sustainability Code (Deutscher Nachhaltigkeitskodex – DNK). We plan to expand the scope and level of detail of our sustainability reporting over the coming years in order to successively increase our degree of compliance with the GRI and DNK recommendations. Moreover, we highlight which sustainability goals of the 2030 Agenda (Sustainable Development Goals) we aim to contribute towards. Further information and operationalisation can be found in the section on our sustainability strategy. We regularly review how we can enhance and expand our sustainability reporting. In doing so, we take into account both national and international initiatives and standards for corporate sustainability reporting.

EVALUATION

We use various measures to evaluate our performance in the sustainability report. On the one hand, we have defined relevant ESG data (environmental, social, governance – ESG) and collected it in a central database, which is continuously updated and expanded as needed. Secondly, we have installed a comprehensive risk management system. More information on this system can be found in the chapter Risk Management.

Moreover, we have defined clear responsibilities and roles. The monitoring of ZEAL's ESG strategy and activities is the responsibility of the Supervisory Board, whose members were recently elected for a period of four years until the Annual General Meeting 2026. The Management Board is responsible for steering the specific activities. Within the Management Board, our CFO Sebastian Bielski has held primary responsibility for ESG issues since 1 October 2023. The Management Board as a whole reviewed environmental and social issues and their impact, risks and opportunities at three Management Board meetings in 2023. At the same time, we have allocated various responsibilities within the Company for the coordination and implementation of our ESG strategy and activities. An ESG task group meets every four weeks to continuously monitor and evaluate ZEAL's sustainability processes. The ESG team received extensive training on the topic of sustainability in the course of workshops and special sessions.

Within the task group, the responsibilities are as follows:

Area	Responsibility
CO ₂ reduction/management	Helge Poel (Enterprise Security)
Reduce and reuse plan/GREEN ZEAL	Nevra Dingwitz (Office Management)
ESG strategy	Sebastian Bielski (CFO) Helge Poel (Enterprise Security)
Responsible marketing	Carsten Muth (Legal) Jan Kretschmer (Public Policy)
Responsible gambling	Jan Kretschmer (Public Policy)
Transparent products	Carsten Muth (Legal)
Human rights	Carsten Muth (Legal) Yvonne Gröbbels (People & Culture)
Digital technologies/innovation	Helge Poel (Enterprise Security)
Data protection/data security	Carsten Muth (Legal) Helge Poel (Enterprise Security)
Employee satisfaction/employee rights/employee protection	Yvonne Gröbbels (People & Culture)
Diversity	Yvonne Gröbbels (People & Culture)
CSR (Corporate Social Responsibility)	Yvonne Gröbbels (People & Culture)
Stakeholder dialogue	Frank Hoffmann (Investor Relations)
Compliance	Carsten Muth (Compliance Officer) Jan Kretschmer (Public Policy) Frank Hoffmann (Investor Relations) Helge Poel (Enterprise Security)
Fair competition	Carsten Muth (Legal)
Corruption/money laundering	Carsten Muth (Legal) Jan Kretschmer (Public Policy)
Lobbyism	Jan Kretschmer (Public Policy)
Risk management	Carsten Muth (Legal) Helge Poel (Enterprise Security)

IMPORTANT TO KNOW

The report is published in German and English and is available on our corporate website (zealnetwork.de). Should there be any questions of interpretation between the different language versions of this Sustainability Report, the German version is decisive.

All readers and stakeholders are cordially invited to send us feedback, suggestions or questions about our third Sustainability Report. We can be reached by telephone at +49 (0)40 809036065 or by e-mail at office@zealnetwork.de.

Sustainability strategy and goals

WE LET PEOPLE DREAM

Our aim is to let people dream and to make them happy. We want to do this in an attractive and safe gaming environment. Our mission is to combine economic success and responsibility for the environment and society in a successful business model. Our business activities and our strategic orientation are based on three clearly defined values:

- **Act like an owner:** We make informed decisions by understanding customer needs and consciously considering opportunities and risks. We get things done and hold ourselves accountable for the outcome. We stay focused, keep it simple and everything we do serves to satisfy our customers' high expectations.
- **Be a game changer:** We think big and challenge the status quo, embrace failures and mistakes along the way, love extraordinary ideas and are proud of our ambition to become the best-in-class e-commerce company in the lottery and gambling field.
- **Play as a team:** We treat each other with fairness and respect. ZEAL is a safe environment. We are transparent, open and speak our minds even in tough situations. We believe that being humble and showing vulnerability makes us stronger. We have each other's backs and grow together with every challenge we encounter.

These values form the basis of our ZEAL Code (Code of Conduct/Code of Ethics) and were developed and approved for this purpose by the Management Board.

UPDATE OF OUR SUSTAINABILITY STRATEGY UNTIL 2024 – ACCOMPLISHMENTS AND PLANS

In line with our corporate values and with due consideration of our business model, we are currently working on a comprehensive revision of our sustainability strategy. The aim is to achieve a positive impact on society and the environment while ensuring our long-term economic success as part of a triple bottom line approach.

We want our new sustainability strategy to provide clear guidance, set the framework for our sustainability activities and define ZEAL's sustainability profile.

With the launch of our new Games division, we have expanded our business model. This milestone in our Company's strategic development has resulted in new regulatory requirements and changed the parameters for our sustainability activities, including key issues for us such as player protection and product safety.

In order to meet these new challenges and continue to offer the safest possible customer experience, we updated our sustainability strategy in 2023 and introduced a number of new initiatives. We have already made significant progress in several areas:

- **Active dialogue with rating agencies:** we maintain a regular and active dialogue with the relevant ESG rating agencies and have already significantly improved our sustainability ratings.
- **Preparation for the new regulatory requirements:** ZEAL will be subject to the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) in future. In order to plan the appropriate allocation of our resources, we have been working hard to prepare for the introduction of the new EU requirements for non-financial reporting since 2023. As part of a CSRD/ESRS readiness check, we have analysed how well our reporting already meets the requirements and what still needs to be done before they come into force.
- **Update of our ESG strategy:** in early 2023, we updated our stakeholder mapping to identify and prioritise our stakeholders and in November 2023 held an ESG workshop together with an external consulting agency to prepare the update of our materiality analysis in accordance with the double materiality test. As well as preparing the ground for our new strategy, the workshop gave us an opportunity to network our expertise and experience across departments and was also attended by our top management level.
- **Environmental scan on player protection:** to ensure ZEAL's player protection also meets the highest international quality standards and we remain competitive, we conducted a comprehensive environmental scan of the current trends and best practices in the gaming sector. A comparison with our most important competitors revealed that we already have a high level of player protection, product safety and transparency.
- **Diversity management:** ZEAL attaches great importance to the topic of diversity. We have set up a dedicated working group on diversity management to flesh out our diversity strategy and steer a wide range of measures.

In early 2024, we began the process of updating our materiality analysis in accordance with the double materiality test. In view of our expanded business model, the aim of the materiality analysis was also to reassess our identification of the relevant stakeholders with their expectations and needs and to define the topics that are material to us from an inside-out perspective (positive and negative effects of ZEAL's activities on society and the environment) and an outside-in perspective (opportunities and risks of sustainability topics for the financial situation of a company and the future viability of its business model).

OUR INTEGRATED BUSINESS MODEL – STATUS QUO

Our business model combines economic success with ecological and social aspects. This integrated approach ensures that we consider the needs and interests of all our stakeholders, make a positive contribution for the environment and society, and reduce or ideally eliminate our negative impact.

Our positive contributions and thus also our opportunities include:

- **A successful business model:** the success of our business model increases our added value for the common good, because lottery markets are high-revenue and the number lottery is by far the most popular type of gambling in Germany. Even if the odds of winning a major prize are low for the individual, the common good benefits from every draw in the form of taxes and levies from the stakes.
- **Products with added value for society and the environment:** our charity and environmental lotteries, such as 'freiheit+', 'Das Grüne Glück' and 'Der Blaue Schatz', reinforce our added value for society and the environment as an additional contribution goes to charitable projects for every lotto field played.
- **Resilience through ethical behaviour and good business practice:** our customer-oriented business model thrives on our good reputation as well as our responsible and legally compliant behaviour. As our shareholders demand a great deal from us in this respect, the establishment of ethical and good business practices also strengthens the overall resilience of our business success. We attach particular importance to the avoidance of sector-specific risks and dangers in the use of our products. In particular, the prevention of money laundering, protection of minors and players, fair competition and transparent corporate governance as well as independent control bodies are the main focus areas of our ethical behaviour. From a strategic perspective, we meet these challenges by systematically monitoring our actions and ensuring control and maximum transparency by means of independent bodies and stakeholders. We want to offer the best legal and secure gaming opportunities, whether for lotteries or for our new games business.
- **Technologies and innovations:** in order to realise our vision of redefining the future of gaming, we focus on technology and innovation. In this way, we want to offer our customers an even more attractive, even safer gaming experience and make our offers even more accessible. A large part of our staff is therefore involved with product development, scaling, cloud-based infrastructures, big data processing and IT security.

- **Attractive workplaces:** to position ourselves as an attractive employer and thus attract and retain capable, motivated and highly skilled employees for ZEAL, we focus on the strategic management of recruitment, the retention of talent and the safeguarding of our employees' physical and mental health. Investing in the satisfaction of our workforce makes us efficient, creative and innovative in the long term.

We counter the negative impact of our business activities, which also represent risks for us, by taking a solution-oriented approach with the aim of minimising our negative impact by means of an appropriate risk management system. This includes:

- **Risks that may lead to problematic behaviour or gambling addiction in vulnerable individuals:** we take this risk very seriously and not only comply with the requirements of the German State Treaty on Games of Chance ('Glücksspielstaatsvertrag 2021' – GlüStV) by having a social concept for the gaming products we market and by adhering to the advertising restrictions to protect vulnerable player personalities and minors, but also employ technical innovations to protect our customers.
- **Risks resulting from the processing of personal data:** data not only offers us new business opportunities, but it also requires us to exercise a high degree of care and security. The protection of our customer data forms the basis of trust on which our business success is built. Only by processing relevant data can we comply with legal requirements, enable the secure processing of payments, contribute to the protection of players and minors, and prevent the misuse of data.
- **Risks relating to compliance with environmental and social standards in our supply chain:** with the expansion of our business model to include games, supply chain issues have also become more important for us. The challenge for ZEAL is to ensure that our suppliers comply with company standards, especially with regard to human rights and working conditions.
- **Risks due to an insufficient level of diversity:** our stakeholders demand a higher level of diversity from us. We also demand more diversity from ourselves, but still have a long way to go as the gaming industry, and thus also our Company, has traditionally appealed more to men. But every journey begins with the first steps – we therefore want to continue to evolve and create a more diverse corporate culture.
- **Climate-related risks:** even though we primarily market digital products, we also generate waste and greenhouse gases, consume electricity and water. Mitigating climate change is a task for society as a whole, and we aim to play our part in combating it, too.

Based on our first materiality analysis in 2021/22, the subsequent reassessment of the relevant topics for the 2022 Sustainability Report and a review of the results in our 2023 ESG workshop, our strategic approach currently prioritises the following focus topics:

Focus topics	Strategically important measures and targets	To be found in the report
Attractive employer/diversity	Recruiting and retaining talent	p. 38–40
	Good working conditions in a changing work environment	p. 44/45
	More flexible working hours and working models	p. 36
	Good leadership	p. 27/44
	Health and safety	p. 40/44/45
	Equal opportunities, fair pay	p. 36/37/44
	Employee development	p. 27/39/41
	Diversity management via a working group	p. 38
	Promotion of diversity	p. 37/38/39
	Involvement of employees	p. 37
	Self-initiated sustainability projects	p. 26
Ethical behaviour & good business practice, including supply chain	Combating corruption & money laundering, defence against manipulation and crime	p. 46/47
	Regulatory stability	p. 44/45
	Audits	p. 31/32/33
	Human rights	p. 27/44
	Transparent communication	p. 40
	Compliance with environmental and social standards in the supply chain	p. 27/44
	Independent Supervisory Board	p. 45/46
	Fair competition	p. 46
Tax transparency	p. 41	
Protection of players & minors/responsible products	Responsible and safe product design	p. 21/28
	Prevention, intervention and support in cases of gambling addiction in connection with our products	p. 27/28/29
	Minimising the risk of addiction to our products	p. 27
	Transparent products	p. 31
	Safe gaming including provision of information & support on the dangers of gambling	p. 31
	Responsible marketing	p. 30/31
Environmental protection/CO₂ emissions	Energy efficiency, energy management	p. 24
	Reduction of emissions	p. 23/24
	Sustainable use of water	p. 25
	Waste management	p. 24/25/26
	Sustainable business travel	p. 23
Data protection	Careful handling of personal data	p. 32
	Data protection policy	p. 32/33
	Training on data protection and data security	p. 33
Sustainable finance	Linking business and sustainability strategy	p. 42/49

RESPONSIBILITY ALONG OUR VALUE CHAIN

Our value chain, the core of which is the secure and successful operation of our online platform, is fundamentally divided into the following areas:

- 1. Regulation and licence granting:** as a provider of gaming services and lotteries, ensuring compliance with applicable laws and regulations in the respective offering segments as well as the granting of the corresponding licences is a cornerstone of ZEAL's value chain. The German gambling market is highly regulated by international standards, and ZEAL is subject to strict legal requirements focusing on the protection of our players, product safety and product transparency.
- 2. Platform development:** At the heart of our value chain are our platforms and the online services and products that we provide on them, as well as their further development and innovation and the regular updating of the technical infrastructure. Platform development is the primary area in which ZEAL utilises external suppliers, while this is only done in isolated cases in other areas of the Company. As part of our business expansion, we utilise suppliers from Eastern Europe and Asia in addition to Western suppliers.
- 3. Marketing and advertising:** in order to increase the visibility of our products and to interest customers in our products, we engage in responsible marketing and advertise our offerings on various channels and media. Our marketing activities comply with all laws and national voluntary commitments.
- 4. Payment management:** our payment management ensures the availability of payment options, in other words deposit and withdrawal options, especially for the payment of our products, the use of funds and the paying out of winnings. Payments are almost completely automated at ZEAL and are therefore processed promptly and accurately.
- 5. E-commerce platform for lottery products:** this includes the offering, delivery and execution of our digital gaming experiences and lottery products.
- 6. Customer satisfaction management/customer support:** as part of our product offering, we provide support for customer issues, on the utilisation of our products, on payment management and on regulatory, security and compliance-related topics.
- 7. Security and compliance:** to ensure the security of our products, the data we collect and our payment management, the area of security and compliance plays a major role for us. It includes monitoring, control and various measures that ensure fair and legally compliant products.
- 8. Data analysis:** in order to improve our offering and optimise our marketing strategy, we collect data and information about the use of our products.

OUR CONTRIBUTION TO THE AGENDA 2030

The United Nations has adopted a globally recognised guiding principle for sustainable development in the form of the 2030 Agenda. In order to achieve the so-called Sustainable Development Goals (SDGs), the private sector, and thus also ZEAL, is called upon to make a contribution.

The SDGs are an opportunity for us to align our strategy with the needs of society as a whole. As part of our materiality analysis, we therefore reviewed with our stakeholders which SDGs we can contribute to as part of our strategy and then operationalised this contribution with the aid of the UNGC's 'SDG Compass' and the EU's 'SDG & me' platform.

OUR ACTIVITIES FOCUS ON THE FOLLOWING SDGS:



Gaming is fun, but can also cause health issues for some people. We address the negative effects of our business model by taking a comprehensive management approach to protecting vulnerable player types and young people.

We also contribute to SDG 3 by providing an inclusive, diverse work environment which enables our employees to develop in line with their strengths. We also ensure that we maintain and promote the performance of our employees through comprehensive occupational health and safety measures and good work organisation. This provides an important foundation for our contribution to SDG 8.



Ever since lotteries have been regulated by the state, money has also flowed into socially relevant projects and the amount of taxes and levies is legally regulated. As a result, our economic success also flows into levies that benefit the common good.

We do not engage in tax avoidance schemes as we benefit from a good infrastructure, an attractive region and well-trained employees with a high degree of expertise in their particular field. For them, we create interesting jobs, ensure decent working conditions, equal opportunities and a non-discriminatory working environment, as well as fair, performance-based pay.



We make a special contribution to SDG 12 with our charity lotteries. Moreover, our innovations and technologies help make the gaming experience even more attractive and secure for our customers. We contribute to this goal in no small part by committing to transparent products and ethical marketing.

Our operations also rely on the use of hardware. We make a further contribution to the sub-goal SDG 12.5 by ensuring that the hardware we purchase is repairable and updatable, as well as by donating functioning old devices, for example, to promote digital education for school children.



Our business also generates emissions. We record our Scope 1, Scope 2 and Scope 3 emissions.

Following the 'Measure to manage' principle, we record our power and water consumption. We aim to achieve a sustainable reduction in both dimensions and want to switch our energy supply completely to the use of renewable resources.

As part of our Reduce and Recycle plan, we want to reduce our waste and the resources we use, as well as to reuse already used resources as much as possible. We systematically record our waste and strive to continuously reduce it.

Environment

We are aware that our business generates greenhouse gases and waste, as well as consuming electricity and water. Although ZEAL primarily offers digital products, our activities, such as the operation of three web shops (LOTTO24, Tipp24, freiheit+), also have an impact on the environment. We believe it is our responsibility to minimise the impact we have on the environment by measuring and managing this impact, as well as working on ways to reduce or recycle. As an e-commerce company, we focus on important areas such as power consumption, which is one of our main sources of emissions.

ZEAL reports on relevant environmental issues once a year as part of its Sustainability Report. Our CFO Sebastian Bielski has overall responsibility for the topic of sustainability and therefore also for the environment. Within the Company, the ESG working group meets once a month to discuss progress and problems relating to environmental issues. Where necessary, various external stakeholders are invited to discuss environmentally relevant aspects.

OUR CONTRIBUTION

Climate change is one of the greatest challenges of our time and we want to play our part in combating it. As a fundamental part of our sustainability strategy, we therefore support the agreement to combat climate change adopted at the UN Climate Change Conference in Paris in December 2015. 197 countries agreed at this conference to limit global warming to 1.5 degrees Celsius compared to the pre-industrial era, but at least 'well below' 2 degrees Celsius. We are currently introducing a corresponding environmental management system to record ZEAL's performance with regard to compliance with the Paris Agreement. We aim to report the corresponding key figure in the future.

We are committed to playing our part in meeting this target and thus driving forward our own decarbonisation. We therefore want to reduce our absolute energy consumption and CO₂ emissions and utilise green forms of energy. These objectives are also anchored in our sustainability strategy and we thus contribute to Sustainable Development Goal 13 'Climate Action' and the goals of the Paris Climate Agreement. This is also what our stakeholders demand from us, as they classified climate issues as being particularly material.

In order to implement this decarbonisation, we have defined clear internal responsibilities: Helge Poel (Director Enterprise Security) is responsible for CO₂ reduction at ZEAL. In 2022, we also began working together with the climate tech company right based on science GmbH (right[®]) in order to measure and manage our contribution to meeting the Paris Climate Agreement.

right° developed the X-Degree Compatibility (XDC) model to calculate the climate impact of economic activity and express it in a simple degrees Celsius number – thus providing a direct link to the 1.5 °C target. The XDC model is science-based and peer-reviewed as well as integrating a climate model also used by the Intergovernmental Panel on Climate Change (IPCC) into its calculation. It calculates how much warmer the climate would be (in degrees Celsius) if the entire world had the same climate performance as the company being analysed. The metric can also be used to analyse scenarios – for example to check whether planned climate protection measures are sufficient to comply with the 1.5 °C target.

ZEAL uses the XDC model to evaluate its own impact on climate change and to define an effective climate strategy in line with the 1.5 °C target.

OUR GOAL: REDUCING AND OFFSETTING EMISSIONS

We strive to successively decrease the reducible share of our emissions in order to 'avoid' rather than merely 'offset' them in the long term. Our offsetting measures include support for international climate protection and offsetting projects, such as the Eden Re-forestation Project. In 2023, we were able to reduce our physical carbon footprint in Malta by switching to a local cloud provider. In addition, since the end of October 2023, we have been booking our business trips using GreenPerk, a programme offered by the business travel platform TravelPerk, which enables companies to fully offset their travel-related carbon footprint. With its CO₂ offsets, ZEAL supports global Verra-certified sustainability projects via GreenPerk.

For our contribution to emission reductions to be effective, we need reliable data. In 2022, we started to establish structures and processes to measure our Scope 1, Scope 2 and Scope 3 emissions. To this end, we introduced the environmental footprint tool 'cozero Log' of the company Cozero GmbH. This system enables us to quantify, monitor and document our CO₂ emissions along the entire value chain and is based on the recommendations of the Greenhouse Gas (GHG) Protocol. As Scope 3 emissions are largely generated outside our sphere of influence, their calculation is much more difficult and complex than that of Scope 1 and Scope 2 emissions.

MEASURES ALREADY IMPLEMENTED AND GOALS ACHIEVED

1. Collection of our Scope 1 and Scope 2 emissions (completed: end of 2022).
2. First materiality and feasibility analysis of Scope 3 criteria (completed: end of Q1 2023).
3. Establishment of appropriate due diligence processes to achieve climate neutrality (completed: end of 2023).

OUR CO₂ EMISSIONS

Applied framework	GHG Protocol, future Science Based Targets
Base year	2021
Included greenhouse gas	CO ₂
Scope 2 reporting method	Market-/location-based
Criteria for Scope 3 emissions	8 from 151
Group-wide reduction target	Net CO ₂ neutrality (specific deadline still under discussion)

¹ Based on the 15 criteria for Scope 3 set by the GHG Protocol.

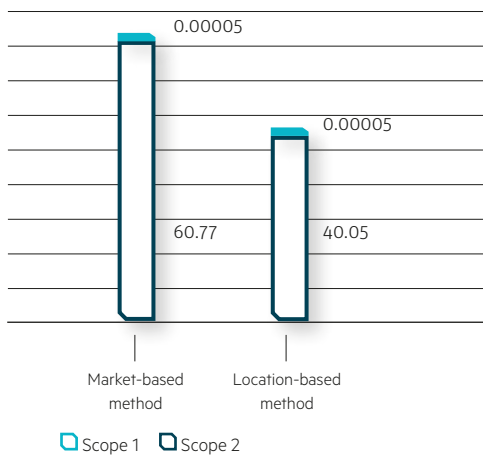
We measure ZEAL's CO₂ emissions and thus our corporate carbon footprint according to the recommendations of the GHG Protocol, which groups emissions into three categories: Scope 1, Scope 2 and Scope 3 emissions. This categorisation ensures that direct and indirect emission sources can be distinguished and documented.

As part of our analysis of all emission types listed by the GHG Protocol regarding their relevance for ZEAL, we determined that our Scope 1 emissions (emissions which the Company is responsible for or controls) are only of low or no relevance. The analysis of our Scope 2 emissions (indirect emissions as a result of business activities) showed a medium to high relevance.

Scope 3 emissions are also calculated according to categories, whereby we have identified eight of the 15 emission types specified by the GHG Protocol as material for us:

- Capital goods.
- Purchased goods and services.
- Waste generated in operations.
- Upstream emissions: purchased electricity.
- Office supplies.
- Use of sold products.
- Business trips.
- Operational water use.

CO₂ emissions by scope (t)



The base year for reporting our Scope 1, Scope 2 and Scope 3 emissions is 2021.

Our Group-wide Scope 1 and Scope 2 emissions for 2022 totalled 73.83 (market-based) or 52.03 (location-based) tonnes of CO₂ (2021 market-based: 88.42 tonnes of CO₂; 2021 location-based: 59.80 tonnes of CO₂). Broken down, these were

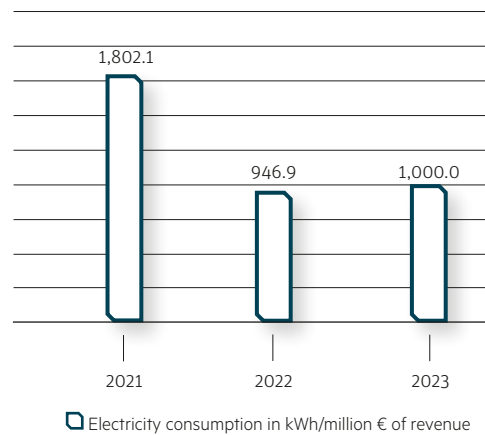
- Scope 1 (2022): <0.1 tonnes CO₂ (Group-wide, market- and location-based); Scope 1 (2021): <0.1 tonnes CO₂ (Group-wide, market- and location-based).
- Scope 2 (2022): 60.77 tonnes (Group-wide, market-based) and 40.05 tonnes (Group-wide, location-based); Scope 2 (2021): 88.42 tonnes (Group-wide, market-based) and 59.80 tonnes (Group-wide, location-based).
- Scope 3 (2022): 13.06 tonnes (Group-wide, market-based) and 11.98 tonnes (Group-wide, location-based). (Scope 3 emissions were recorded for the first time in 2022).

Based on the figures above, the XDC model calculates only for Scope 2 emissions an amount of 1.4 degrees Celsius (market-based, 2022; target year 2100) (2021: 1.8 degrees Celsius). As a result, we rank among the top 10% of companies in our sector (NACE Code 92) with the lowest temperature values for this emission category.

OUR ELECTRICITY CONSUMPTION

As an e-commerce company, our aim is to optimise our energy consumption wherever possible. We consume electricity primarily in our data centres and at our locations in Hamburg and Madrid. In total, we consumed 116,055 kWh of electricity at these locations in 2023.

Electricity consumption



Aggregated electricity consumption in all data centres and office buildings in kWh per million euros of revenue.

In relation to revenue, our electricity consumption rose slightly again for the first time in 2023 following a steady decrease over the previous years. However, consumption is still well below the pre-corona level. In recent years, we have implemented various measures to increase energy efficiency and reduce electricity consumption: such as optimising the energy efficiency of our computers and monitors. Almost all of them now have the Energy Star certificate for the highest level of energy efficiency. Moreover, we have successfully implemented the complete conversion of our energy supply (electricity) to renewable energy sources at all locations.

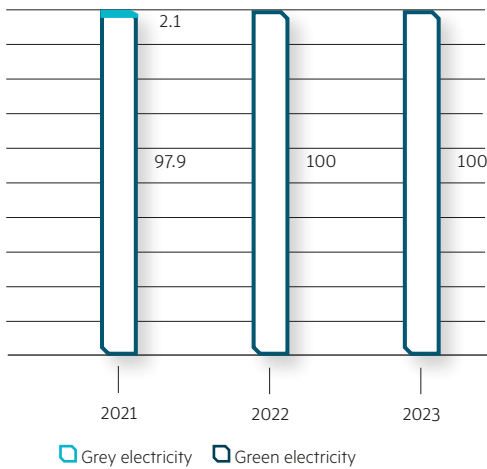
Once pandemic-related contact restrictions and the obligation to work from home been lifted, we did not revert to working in the same way as before the pandemic, but continued to allow our employees to work from home in response to numerous requests. Since 1 September 2022, this has been regulated in our newly drafted New Work Guidelines. More information on this can be found in the Social section.

The widespread implementation of digital and cloud-based meeting and organisation tools offers our employees maximum freedom and at the same time can reduce energy consumption in our offices.

An important approach for reducing our emissions in 2023 was once again the purchase of electricity from renewable sources. At our main site and our own data centre in Hamburg, we have already switched completely to electricity from renewable sources.

Share of green electricity in total consumption

at office location Hamburg



Figures relate exclusively to the office location in Hamburg.

OUR WATER CONSUMPTION

Water is an essential basis for life on our planet. Even if it only plays a minor role in the success of our business model, we believe it is our duty to contribute to the efficient use and conservation of this vital resource by means of effective water management.

We use water both directly at all our sites, as well as indirectly during business trips and events. We mainly need this resource in our sanitary facilities and office kitchens. We do not evaporate, store or retain any water beyond that, which would have to be reported here.

For us, the sustainable use and management of water therefore means first and foremost avoiding waste and using it more efficiently. At the same time, we make sure that our waste water contains as few pharmaceutical and chemical residues as possible.

To monitor our consumption and identify opportunities for reduction, we measured ZEAL's water consumption for the first time in 2021. In 2021, our water consumption was 74,320 litres. At the time of reporting, we did not have detailed figures for water consumption in 2022 and 2023.

Water management is the remit of our Office Management team, which is responsible for collecting data and discussing and implementing possible improvement methods.

OUR GOAL: REDUCE AND REUSE (RR)

Our management approach to waste includes 'reduce and reuse'. As a Company marketing digital gaming experiences, our waste generation along our value chain is limited to IT hardware (computers, monitors), packaging materials and writing paper, as well as other office waste such as that generated in our office kitchens.

REDUCE: OFFICE WASTE

Avoiding waste before it occurs – we already follow this principle in procurement and only buy what we really need.

We have replaced workstations with laptops and docking stations, which are more energy-efficient, and avoid unnecessary hardware in our offices or at our employees' homes. As this means that less equipment has to be purchased overall, the amount of electrical waste produced will also decrease in the long term.

To minimise paper waste, we try to avoid paper printouts in the office as far as possible. By introducing various digital tools for file storage, signing documents and processing and approving invoices, we have significantly reduced our paper consumption. We purchase FSC-certified photocopying paper, which is certified as being sourced from responsibly managed forests, and only use envelopes and Post-it notes certified with the 'Blue Angel' ecolabel. We also try to reuse parcel packaging wherever possible.

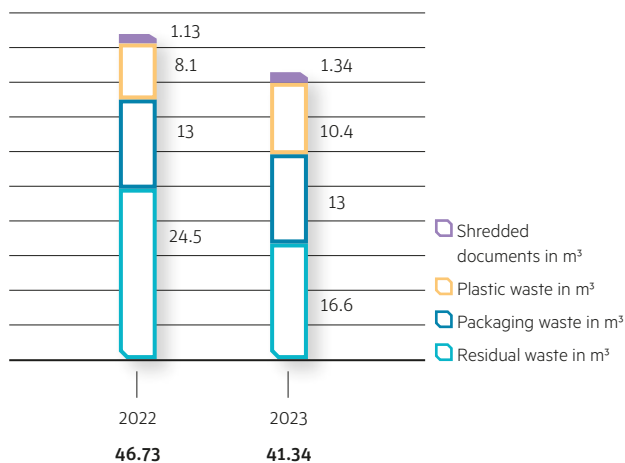
We pay attention to origin and ecological production when purchasing drinks and snacks for our employees and also use unpackaged snacks, such as fruit, as much as possible.

We are committed to the measure-to-manage principle and have been recording our office waste as follows:

- Collect and measure shredded documents
- Collect and measure packaging materials
- Collect and measure residual waste (due to limited accessibility, calculation is based on representative samples).

So far, we can only show a three-year trend for packaging waste and shredded documents. 2022 is our base year as it marks the end of the contact restrictions in connection with the coronavirus pandemic and the obligation to work from home. As of 2022, we also measure all other types of waste, namely residual waste and recyclable materials.

Waste generation at office location Hamburg



Figures relate exclusively to the office location in Hamburg.

REUSE: IT HARDWARE

In the area of IT hardware, we have identified two areas where we can be more sustainable: power consumption for operations and the lifespan of our hardware.

We welcome the initiative of the EU Member States and the European Commission to ensure that hardware can be updated and repaired in the future. The new version of the EU Ecodesign Directive provides for performance and information requirements for almost all product categories on the EU market, including for the following aspects:

- Durability, reusability, retrofittability and reparability of products.
- Presence of chemical substances that prevent the re-use and recycling of materials.
- Energy and resource efficiency.
- Recyclate proportion.
- Carbon and environmental footprint.
- Available product information, especially a digital product passport.

In their coalition agreement 2021–2025, the governing parties of the German parliament ('Bundestag') also took up the issue and anchored the 'right to repair' as a coalition objective. Consumers should be able to repair defective devices themselves or freely choose repair service providers, facilitated for example by manufacturers publishing repair instructions. In addition, the reparability of products should already be incorporated into the design – for example, by making products repairable with standard tools. The implementation of corresponding laws is to be successively extended to all product groups. We are already committed to

considering information on reparability and updatibility as a high priority in the decision-making process when purchasing new products and especially when purchasing IT hardware. For our server hardware, reparability and updatibility are already industry standards.

Another important component of our measures is the reduction of electrical waste. Our IT equipment pool has an average age of three years. This relatively short duration is due to IT security considerations, as our IT must always be state-of-the-art.

However, this does not mean that we throw away used equipment and produce unnecessary electrical waste. On the contrary: in 2023, ZEAL again produced almost no e-waste as we donate discarded and functional devices to schools, for example, to improve equipment and education there. In this way, we again significantly extend the life cycle of our hardware and contribute to improving access to technology for young people. In 2023, ZEAL also entered into a partnership with a company that specialises in extending the life cycle of electronic devices beyond their average useful life.

Through 'Reuse' we contribute to environmental protection and education.

GREEN ZEAL

Our goal is to integrate climate protection into our everyday work. In 2021, we therefore launched the GREEN ZEAL initiative, which has set itself the task of also paying attention to the little things in life.

We actively encourage our employees to participate in GREEN ZEAL initiatives and projects. These included, for example, replacing our capsule coffee machines with more environmentally friendly models and installing energy-saving LED lighting and motion detectors in all toilet and shower rooms. In 2023, we further optimised our lighting to reduce electricity consumption even more – for example, we installed motion detectors and energy-saving LED lighting also in our conference rooms.

Social

Our business model is aimed at people and is made possible by people. No person's dignity should be violated, offended or impaired in any other way by our actions. We take responsibility for our product offerings and protect our players accordingly. We also expect our employees to take responsibility and in return we offer them a working environment with equal opportunities and numerous possibilities for further development. Through our commitment to social issues, we will continue to be successful as a Company in the future.

RESPONSIBILITY

We want our customers to be able to trust us unconditionally and we work hard every day to earn their trust by designing and promoting our offers responsibly.

HUMAN RIGHTS

Respecting human rights is a global task in which every individual and every company must participate.

ZEAL is fully committed to respecting human rights and supports UN General Assembly Resolution 217 A (III) on the Universal Declaration of Human Rights as well as the core labour standards of the International Labour Organisation (ILO) – also along our supply chains. For us, these are a fundamental component of responsible corporate governance. We ensure that human rights are respected within our sphere of influence – this includes the following human rights in particular:

- The preservation of freedom, equality and solidarity (Diversity chapter).
- The prohibition of discrimination (Diversity chapter).
- The right to safety (Occupational Health and Safety chapter).
- Recognition as a person before the law and the right to legal protection and the right to be heard (Integrity chapter).
- The presumption of innocence (Integrity chapter).
- The protection of the sphere of freedom (Diversity chapter).
- The freedom of thought, conscience and religion (ZEAL Code).
- The freedom of expression and information (ZEAL Code).
- The freedom of association and assembly (Employee Rights chapter).
- The right to equal pay (ZEAL Code).
- The right to rest and leisure (Employees chapter).
- The right to education (Continuing Education chapter).

Due to our business model, our supply chain has only a low risk of human rights violations. However, we also expect our contractual partners to fully respect human rights and to comply with all requirements arising from the German General Act on Equal Treatment ('Allgemeines Gleichbehandlungsgesetz' – AGG) and other labour law standards.

In 2021, 2022 and 2023, we did not identify any controversies, complaints or proceedings in the course of our business regarding compliance with human rights. In this context, no violations relating to equal rights were registered either.

RESPONSIBLE GAMBLING

Gambling is fun, but it needs clear rules so that problematic behaviour and gambling addiction have no chance.

Gambling addiction can manifest itself as follows:

- The person concerned has an irresistible desire to play again and again.
- The person concerned lies to his environment in order to be able to keep his gambling behaviour secret.
- The person concerned neglects his family, professional and private obligations.
- The person concerned often borrows money within the family or among friends.
- The person concerned tries to get money by illegal means.
- The person concerned can only achieve the desired arousal by placing higher and higher stakes when gambling.
- The person concerned suffers from mood swings and inner restlessness.

Compared to other types of gambling, number lotteries pose a very low risk of problematic gambling behaviour.¹ To ensure that not only our jackpot winners are happy, however, we apply a stringent player and youth protection policy. In doing so, we focus on four specific goals:

- Strict protection of minors: no gambling for minors.
- Reduction of the risk of addiction to our products.
- Prevention, intervention and care in cases of gambling addiction in connection with our products.
- Consistent monitoring of the practical implementation of our responsible gambling principles.

¹ www.bzga.de/fileadmin/user_upload/PDF/studien/BZgA-Forschungsbericht_Gluecksspielsurvey_2019.pdf

Pursuant to section 6 of the German State Treaty on Games of Chance ('Glücksspielstaatsvertrag' – GlüStV), we are obliged to prepare a social concept for the gambling products we market. Ours fully complies with the legal and licensing requirements of the supervisory authorities and is subject to continuous internal audits. As it describes confidential processes in detail, it is not publicly available. Together with our ZEAL Code and our Responsible Gambling Policy, the social concept describes the measures we take to prevent the socially harmful effects of gambling and how we intend to remedy them.

Our Responsible Gambling principles include:

- Educating our players about the dangers of gambling addiction, their personal chances of winning and losing, and potentially problematic gambling behaviour.
- Supporting our players in avoiding and preventing problematic gambling behaviour and in seeking and using counselling and treatment services in case of gambling addiction.
- Protecting minors: our products are aimed exclusively at adults. We ensure that minors do not have access and continuously check our access restrictions for possible or actual circumvention.
- Taking preventive and interventionary measures to identify and prevent legitimate access to our products as well as problematic behaviour in advance.
- Providing regular and compulsory training and further education of our staff on how to deal with and recognise problematic gambling behaviour.

On the one hand, ZEAL's control mechanisms and our continuous monitoring strengthen the possibility for self-regulation, and on the other prevent abuse through appropriate precautions for external control. They also document problematic gaming behaviour, whereby products and content with a particularly high addiction potential can be identified and adjusted where possible.

The main basis for this are our general terms and conditions, which are accessible at any time and provide information on control mechanisms and exclusions. To raise awareness among our players, all our websites and the portals of our cooperation partners (lotto24.de, tipp24.de, lotto.gmx.de, lotto.web.de, lotto.n-tv.de, freiheitplus.de) contain relevant information and links, for example to the website of the Federal Centre for Health Education ('Bundeszentrale für gesundheitliche Aufklärung' – BZgA) check-dein-spiel.de and the anonymous and free telephone counselling service of the BzGÄ under the number +49 800 1 37 27 00. The staff on this gambling hotline can be contacted on weekdays from

Monday to Thursday between 10:00 and 22:00 and on Fridays to Sundays between 10:00 and 18:00. We contribute to the funding of the BZgÄ's telephone counselling service as part of our membership of the German Lottery Association. On our websites we also refer to our internal customer hotline with the number +49 40 299 960 808, under which sensitised and trained employees can be reached from Monday to Saturday from 9:00 am to midnight. Further external help on gambling addiction can be found at www.bundesweit-gegen-gluecksspielsucht.de.

Our customers can prevent risks themselves with the aid of the following tips on how to avoid gambling addiction, which are also listed on the player protection pages of our websites. We recommend:

- Playing only for recreation, not to solve problems.
- Viewing stakes as a loss and not as an expected gain.
- Sticking to your budget and setting limits.
- Only playing with your own money, never with borrowed money.
- Not chasing your own losses, but keeping a cool head.
- Never regarding gambling as a solution for private, financial or social problems.
- Playing exclusively when sober and always with a clear mind.
- Taking regular breaks.

We counteract uncontrolled spending by our customers by setting the statutory monthly pay-in limit of €1,000 per month for licensed gambling websites across all providers. We have decided against the option of applying to the gambling authority to increase the statutory pay-in limit for our customers. Of all persons who stated in the BZgÄ surveys in the period from 2015 to 2019 that they had gambled at least once in the last twelve months, 1.7% had at least one problematic behaviour. A further 10% displayed conspicuous gambling behaviour. Based on these figures, we are pleased with the comparatively large proportion of our customers who take advantage of our prevention services.¹ 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. With regard to self-assessment and a better evaluation of one's own gambling behaviour, we advise conducting a self-test, which is offered free of charge on the BZgÄ website (check-dein-spiel.de), for example. At the same time, we would like to point out to our customers that such a self-test can never replace a medical diagnosis. We also provide our players with a link to an external

self-test that they can easily use, for example, to block themselves – or be blocked by third parties – from future participation in the game in the case of conspicuous gambling behaviour or deception attempts. Our customer service will be happy to set up longer blocking periods on request without objection. The block includes the following points:

- When ordering the self-blocking, the desired duration of the block can be specified. The minimum duration is three months. If no specific duration is desired, the blocking period is one year.
- When the block is activated, access to the user account is prevented.
- After consultation with the user, the block may also be reported to the player blocking system OASIS. Then it also affects all other accounts that the user has with providers who are connected to the player blocking system. Further information on the OASIS player blocking system can be found on the website of the Darmstadt Regional Council (link: <https://rp-darmstadt.hessen.de/sicherheit-und-kommunales-gluecksspiel/spielersperrsystem-oasis>).
- Unplayed scratch cards and games are automatically played with immediate effect. Any winnings will be credited to the user account.
- Tickets that have already been paid for (including subscription tickets) still participate in the draws that have already been paid for. Any winnings will be credited to the user account.
- Active subscription tickets are automatically terminated after the expiry of the already paid draws.
- The payment of any winnings or credit balances can be arranged via our customer service.
- After the blocking period has expired, the block remains in place for the protection of the player until it is actively lifted by the player.

¹ Banz, M. (2019). 'GLÜCKSSPIELVERHALTEN UND GLÜCKSSPIELSUCHT IN DEUTSCHLAND. Ergebnisse des Surveys 2019 und Trends'. BzgA research report. Cologne: Federal Centre for Health Education. p. 160.

We use a multi-stage age verification procedure to ensure that our services cannot be used by minors. The procedure includes SCHUFA identity checks, including age checks and additional measures as part of the Know Your Customer process (video-identification/post-identification). We continuously check our age verification procedure for security and possible manipulation. Every player must register before playing. During this registration process, the data provided is checked and verified. Only properly verified user accounts can participate in the offered games of chance, thus excluding participation in the game by persons under 18 years of age. Our age verification procedure has been reviewed and approved by the Joint Gaming Authority of the German federal states ('Gemeinsame Glücksspielbehörde der Länder'). It also complies with the standards of the Commission for the Protection of Minors in the Media ('Kommission für Jugendschutz'), which acts as the central supervisory body in Germany for the protection of minors in private broadcasting and telemedia. With the help of blocking software, our customers can also protect themselves and minors from participating in online gambling. This is described in more detail on our player protection pages. We also actively encourage our customers to contribute to the protection of minors and not to allow family members under the age of 18 to use the Internet unsupervised with mobile or stationary devices and to talk to minors in their household about the dangers of the Internet in general and (online) gambling in particular as a precaution.

For our 24 internal and six external employees at present 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. As in 2022 and 2021, the participation and successful completion rate for these training courses was again 100% in 2023. Information on important topics relating to gambling and player protection is also constantly available on our Intranet. In addition, we plan to offer all employees webinars on responsible gambling in future in order to raise awareness of this important topic even more within the Company.

As part of the onboarding process, new members of teams with customer contact receive extensive training, particularly with regard to product safety. External representatives also receive extensive training on products, guidelines and processes. Moreover, we have appointed a Player Protection Officer who acts as an interface between the game providers, the support system for vulnerable player personalities 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. There is therefore regular contact with stakeholders and experts on the topic of responsible gambling, for example at conferences or panel discussions.

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 2022 that has allowed us to massively expand our monitoring by collecting and evaluating specific performance indicators in the area of responsible gambling. The monitoring tool also enables us to identify problematic gaming behaviour and vulnerable players at an early stage. In 2023, we recorded a total of 71 interactions with our customers to draw attention to risks, inform them about player protection possibilities, prevent problematic gaming behaviour and initiate protective measures.

As part of our core objectives on responsible gambling, we plan to report continuously and transparently in the future about:

- Cases of rejected players due to failed age verification.
- Cases of problem gamblers reported through our control mechanisms.
- Players who have been blocked from accessing products by us or at their own request.

We already record any controversies, legal proceedings and alleged and verified violations of our Responsible Gambling Policy by ZEAL employees or third parties. In 2023, no such violations, legal proceedings or controversies were recorded. (2022: none; 2021: none). This also explicitly includes possible controversies in connection with the protection of minors. There were also no controversies or legal proceedings relating to customer safety in 2023 (2022: none; 2021: none). Moreover, no breaches of regulations resulting in a fine or sanction were recorded in connection with the impact of products and services on customer health and safety in 2023 (2022: none; 2021: none). We are always available to receive complaints about our products and policies via any of our contact channels and will always treat them with the highest possible priority.

RESPONSIBLE MARKETING

Responsible marketing is an important task for our sector, as our products bear risks that we need to inform customers about and must not conceal. We offer our customers a risk-free and enjoyable gaming experience and this starts with the advertising of our offerings, which we currently broker through our LOTTO24 and Tipp24 brands. To this end, we use a holistic communication concept that has been reviewed by the responsible supervisory authority. The proportion of offerings which we advertise is 100%.

Our advertising activities focus on the marketing of 'LOTTO 6aus49', 'Eurojackpot', 'freiheit+' and 'Die Deutsche Traumhauslotterie'. When advertising these products, we use both performance marketing and selective brand marketing. As a further marketing instrument, we send e-mails as part of our customer relationship activities.

We have specified our basic approach to the protection of players in the ZEAL Code. In 2023, we also published a separate Responsible Marketing Policy in which we clearly define the possibilities and limits for employees in the marketing department and thus simplify decision-making processes.

Our marketing activities already comply with all laws and national voluntary commitments and the requirements of the licences granted to us. The main basis for us is the German State Treaty on Games of Chance ('Glücksspielstaatsvertrag 2021' – GlüStV 2021), the Youth Protection Act ('Jugendschutzgesetz' – JuSchG), the State Treaty on the Protection of Minors in the Media ('Jugendmedienschutz-Staatsvertrag' – JMStV), the State Media Treaty ('Medienstaatsvertrag' – MStV) and the Act against Unfair Competition ('Gesetz gegen den unlauteren Wettbewerb' – UWG). In 2023, there were no violations of regulations that resulted in a fine or sanction in connection with ZEAL's product and service information or the labelling of the Company's products and services (2022: none; 2021: none).

Our marketing is closely linked to our responsibility to ensure safe gambling and includes the following commitments on the placement, design and content of our promotional activities:

- **Commitment to honesty:** our marketing measures and campaigns should present the lottery offering and our products to our target groups realistically and without unacceptable exaggerations and not withhold relevant information.
- **Commitment to reject positive bias and exaggeration:** we communicate to our customers transparently as to how high their chances of winning are. This information can be found on all our websites and the portals of our partners.
- **Commitment to exclude minors and vulnerable target groups:** we do not market to persons under the age of 18, as they cannot always recognise or classify the intention of advertising. Moreover, we do not send any advertising to players who have already been banned in the past due to conspicuous gambling behaviour.
- **Obligation to place information on the dangers of addiction and offers of help for gamblers at risk:** all advertising measures shall include information on the dangers of addiction and a ban on gambling for minors as well as references to support services.
- **Commitment to barrier-free information:** information on the dangers of addiction and offers of help in simple, local language and access to this information that is as barrier-free as possible.
- **Agreement of restrictive advertising guidelines with business partners and suppliers.**

Auditing of our marketing guidelines

All activities are monitored and approved by our Legal and Compliance departments.

In addition, we actively encourage our employees, partners and customers to report actual or suspected violations – anonymously if necessary via our whistleblower portal – of the responsible marketing principles we have set ourselves and of the applicable legal requirements. We treat these reports with the highest possible priority.

In 2023, no violations, proceedings or controversies relating to unethical or unlawful marketing were recorded (2022: none; 2021: none).

TRANSPARENT PRODUCTS

Transparent products are also important for the protection of players and for responsible marketing. At the heart of ZEAL's educational work are transparent product descriptions and clearly visible warnings. These product descriptions fulfil all information obligations pursuant to section 7 GlüStV and include the underlying participation requirements, game conditions, game formulas, prize classes, payout odds, win and loss probabilities, addiction risks, as well as the time and type of prize draw. 100% of our products are already described in this way.

Clearly visible warnings about possible product hazards are a key aspect of product transparency. We have compiled further information on this topic in the chapter on player protection. The relevant information can also be found on our websites and the portals of our cooperation partners. In particular, the Help & Service section of our websites provides detailed information on our various products. In addition, we offer our customers the possibility to contact us personally, for example by e-mail or via our service hotline.

We are also committed to ensuring that our gambling products are subject to continuous and rigorous independent assessment to guarantee that they continue to operate fairly, randomly and in accordance with the published regulations.

In 2023 alone, we were able to make 1.6 million (2022: 1.5 million; 2021: 1.3 million) people happy with prizes totalling €615 million (2022: €411 million; 2021: €293 million). 33 of these prizes were in excess of €1 million (2022: 13; 2021: 10).

DIGITAL TECHNOLOGIES AND INNOVATIONS

Digital technologies and innovations represent competitive advantages for our business model, as they enable us to offer our customers an attractive gaming experience and at the same time protect them from the side effects of gambling. A large number of ZEAL's employees are therefore involved in product development, scaling, performance optimisation, self-scaling cloud-based infrastructures, big data processing, IT security and compliance.

IT security

We protect ourselves against cyber and e-crime by taking suitable technical and organisational measures. In this way, we ensure that the personal data of our customers and employees is protected against loss, unauthorised access or unauthorised changes as well as misuse. For example, we use encryption technologies wherever possible. When introducing new software and hardware, we have a clearly defined review process to ensure that the new software or new computer meets our security and data protection requirements. These security measures are continuously adapted to the improved technical possibilities. In addition, the measures we implement are audited and certified annually according to ISO guideline 27001 as well as by TÜV data protection.

Product safety, performance optimisation

State-of-the-art data collection offers even better monitoring capabilities, allowing us to identify problematic gambling behaviour more quickly and reliably. One of the innovative technologies we use is 'GameScanner' from Mindway AI, a tool based on artificial intelligence (AI), which replaced our previous monitoring systems in 2022. The system automatically detects gamblers at risk of gambling addiction at an early stage, based on scientific findings and algorithms. Depending on their behaviour, these players are divided into three risk groups. Our Payment, Fraud & Verification (PFV) team checks the tool daily and handles the cases according to a predefined process. If customers are categorised as potentially at risk, our range of measures includes information emails, account blocking and phone calls.

Our cooperation with Mindway AI and the ongoing optimisation of the 'GameScanner' enable us to continuously improve the already high level of player protection and compliance of our offerings. The tool's algorithms are constantly being trained and refined, which means that their evaluation of problematic gaming behaviour is constantly improving.

DATA PROTECTION AND DATA SECURITY

As a provider of games of chance, the careful handling of personal data is elementary for us. The protection of data entrusted to us is the basis on which we can develop our business success.

The European Union's General Data Protection Regulation (EU GDPR) stipulates that personal data must be processed in such a way that the rights of the individual are not affected. The personal data we collect includes customer data, employee data, supplier data and the data of applicants and visitors to our websites.

Due to its particular importance, the topic of data security at ZEAL has been assigned to Management Board level and falls under the remit of our CTO Paul Dingwitz.

In accordance with legal requirements, we have also appointed a Data Protection Officer. Dr Uwe Schläger, Datenschutz Nord GmbH has been our Data Protection Officer since 2019 and can be contacted via the e-mail address: datenschutzbeauftragter@lotto24.de. He acts independently and in accordance with the requirements of the EU GDPR.

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

In order to firmly establish the importance of data protection and data security issues throughout the Company, we developed a Data Privacy Policy as a supplement to the ZEAL Code, which is valid for the entire Group (ZEAL Group: ZEAL Network SE, LOTTO24 AG, ZEAL Iberia ES and other affiliated companies) as well as all employees and other persons for whom we process data in the course of our business activities. All our employees must agree to the Data Privacy Policy via their account on the 'hiBob' HR platform and as part of the onboarding process. This ensures that our Data Privacy Policy is communicated to the entire workforce and the Group as a whole. The Policy includes the following information:

- Principles of handling personal data of clients and employees.
- Type and scope of processes and rules for storing and handling data within the ZEAL 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. This includes the comprehensive right of access, adjustment and deletion of all personal data collected throughout the Group by authorised persons in accordance with EU GDPR valid in Germany, unless this is restricted by legal requirements.
- Requirements for the transfer of data to third parties, which only takes place if our customers have consented in accordance with EU GDPR or if there is a legal obligation.
- Overview of all measures ZEAL takes to ensure the security of customer data and explanation of 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.

No violations of our Data Privacy Policy were identified in 2023 (2022: none; 2021: none).

In line with the EU GDPR, and in order to firmly establish the importance of data protection and data security for ZEAL, we conduct mandatory training on these topics for our entire workforce – in other words, 100% of our employees – at least once a year. In addition, there is a special introductory event for new employees. 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 effectiveness, knowledge is continuously tested during the training. To pass the training, at least 80% of the questions must be answered correctly.

The training courses on data protection and data security are structured as approximately 45-minute modules with a subsequent test included. If employees have already completed the on-line training, only the test must be successfully passed in the following year. In order to react to current developments such as new regulatory requirements, the training material is continuously revised and updated. Unscheduled trainings are conducted if justified by changes in laws, new framework conditions, updated internal guidelines or an accumulation of violations.

In order to coordinate all these measures, we have set up an Information Security Management System (ISMS), which is certified in accordance with ISO guideline 27001 during annual audits and also regulates business continuity requirements, among other things. Our Business Continuity Management System helps us to react quickly to sudden changes in the production environment so that we can maintain business operations, or resume them as quickly as possible, in the event of an incident.

Our production environment is currently operated in a cloud configuration with a high degree of availability. In order to meet our availability targets, all business-critical systems are replicated across multiple physically distributed locations, with automatic recovery and failover mechanisms should individual data centres become unavailable. For large, one-off events, ZEAL has a backup and recovery process that enables production systems to be restored even if our cloud provider is not available. To this end, we constantly replicate our data from our primary to a secondary data centre and store the backups at an off-site location with an external provider. In the event of a crisis scenario, our employees can work from any location. ZEAL's systems are largely virtual with redundant access systems and are therefore accessible at all times.

So far, no breaches have been detected that have seriously jeopardised data security.

EMPLOYEES AND WORK ENVIRONMENT

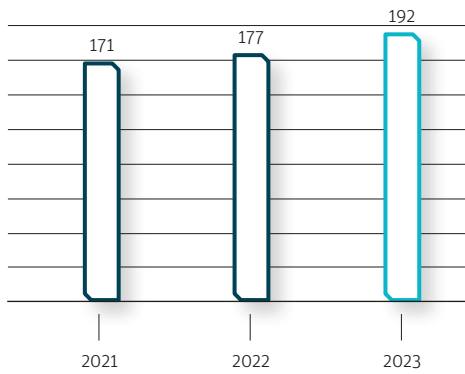
Our highly motivated and top-performing employees are our greatest asset. Their well-being and satisfaction play a major role in such key factors as customer satisfaction, brand strength and ultimately our commercial success. We continuously strive to find, promote and retain talented employees and ensure high performance levels by implementing appropriate measures and providing an optimal working environment.

Composition of our workforce

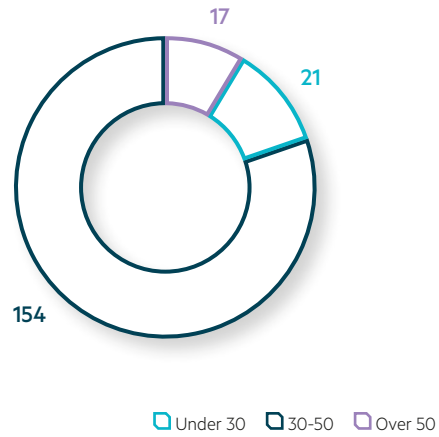
Compared to the previous year, we have adjusted the calculation method for our employee figures. As a result, we now report the figures as at 31 December of the respective year for the first time. At the end of the reporting period on 31 December 2023, ZEAL employed a total of 192 people (31 December 2022: 177). Of this total, 39% were female, 61% male and 0% non-binary (31 December 2022: 36% female; 64% male; 0% non-binary) with an average age of 40 (31 December 2022: 39). On 31 December 2023, a total of 192 employees had permanent contracts (31 December 2022: 177) and none had temporary contracts (31 December 2022: none). Further information on our workforce is provided below:

Employees

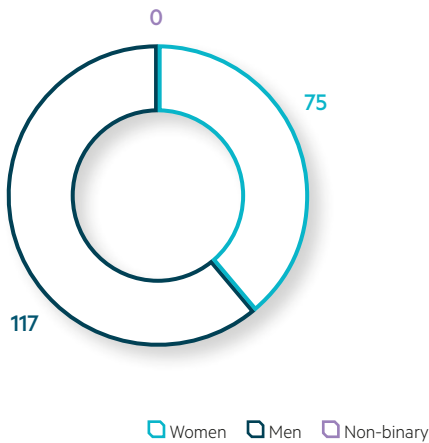
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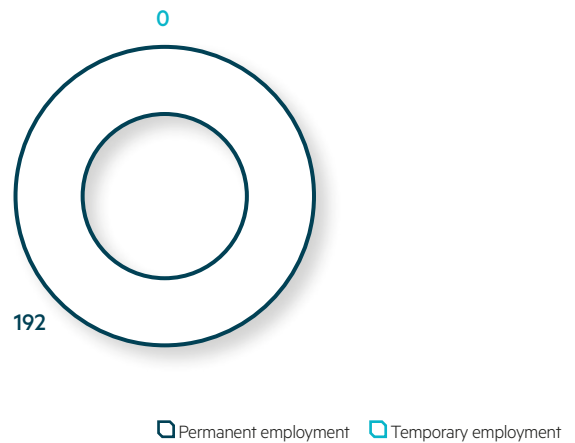
... by age



...by gender



... by employment type



Total number of employees

As at 31 December	2021	2022	2023
Total employees	171	177	192
Thereof men	114	114	117
Thereof men (in %)	66.7	64.4	60.9
Thereof women	57	63	75
Thereof women (in %)	33.3	35.6	39.1

Employees by employment type

As at 31 December	2021	2022	2023
Full-time employees	136	146	159
Thereof women	33	41	54
Thereof men	103	105	105
Part-time employees	35	31	33
Thereof women	24	22	21
Thereof men	11	9	12
Employees in permanent positions	171	177	192
Temporary employees	0	0	0

New employees

As at 31 December	2021	2022	2023
Total new employees hired	22	28	27
By country			
Germany	18	25	22
Thereof women	7	11	12
Thereof men	11	14	11
Spain	4	1	4
Thereof women	2	1	3
Thereof men	2	0	1
United Kingdom	0	2	0
Thereof women	0	2	0
Thereof men	0	0	0

Age structure

As at 31 December	2021	2022	2023
Average age	39	39	40
By age group			
Under 30	16	20	21
30 to 50	142	144	154
Over 50	13	13	17

Nationalities

As at 31 December	2021	2022	2023
Number of nationalities	23	32	28

With regard to the education of our employees, we primarily use estimates. We therefore assume that more than 95% of our employees have a school-leaving certificate. We also estimate that up to 90% of our employees have a bachelor's degree, up to 40% a master's degree and up to 5% a PhD.

There are currently no women on the Management Board (3 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. As ZEAL is active in the online gambling business, the selection of candidates is more constrained for industry-specific reasons than in other sectors.

In 2023, women accounted for 36% (2022: 34%; 2021: 17%) of the second management level. We have therefore already reached our target of raising the proportion of women at this level to 30% by 2025. In 2023, 39.4% of our employees were female (2022: 36.7%; 2021: 34.1%).

Employee satisfaction and turnover

The basis of our success in recent years has been a work environment in which employees can develop in accordance with their particular strengths. In line with our claim 'Act like an owner', we encourage our employees to take personal responsibility for their actions.

Our management concept includes:

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

Our New Work Policy includes:

- The use of the HR platform HiBob.
- The option for our employees to take more than 30 days of leave.
- The possibility to work from an EU/EEA member country for up to four weeks a year.
- The promotion of a good work atmosphere by firmly scheduling time windows for small talk during meetings and the working day.
- The requirement to personally attend corporate events.
- The possibility for teams to define special needs together with staff members.
- The obligation for employees and visitors to sign in.
- The obligation for every office user to keep the premises clean and to use resources such as water and energy sparingly.
- The fundamental permission for dogs to be in the office after consultation with the team and supervisor. Dog owners must ensure that the animal does not pose a nuisance or danger to staff and other animals.

We also introduced a Working Hours Policy in 2023. This can be downloaded from our corporate website (zealnetwork.de) and contains standards and regulations on working hours, collaboration in the office and the topic of work-life balance.

In order to identify and tackle any issues at an early stage, we have conducted anonymous employee surveys on a weekly basis since 2016. In addition to their monitoring function, these surveys promote discussion about our Company and encourage managers and employees to share views with each other.

The core indicator is the eNPS, the Employee Net Promoter Score, which measures the willingness of employees to recommend a company to others. This willingness is ranked on an 11-point scale and given as the sum of the promoters (high willingness to recommend) minus the detractors (low willingness to recommend) (possible range between -100 and +100).

2021	2022	2023
eNPS: 65	eNPS: 62	eNPS: 37
Promoters: 68%	Promoters: 65%	Promoters: 41%
Neutrals: 31%	Neutrals: 33%	Neutrals: 55%
Detractors: 3%	Detractors: 3%	Detractors: 4%
Total survey participation rate: 64%	Total survey participation rate: 64%	Total survey participation rate: 64%

In the context of the weekly surveys, the eNPS is measured on a quarterly basis and all figures represent average values for one year. The following categories are given by Officevibe (the tool used for the employee survey) as a guide to the Company's performance:

- -61 to -100: 'critical'
- -31 to -60: 'very low'
- 0 to -30: 'low'
- 1 to 10: 'good'
- 11 to 30: 'very good'
- 31 to 60: 'great'
- 61 to 100: 'amazing'

As of 2022, we adjusted the participation rate for 'missing data', which led to changes in the eNPS value and the participation rate compared to the previous years. In 2023, the eNPS was 37 (2022: 62; 2021: 65) and thus falls into the 'great' category according to Officevibe.

Turnover rate (arithmetic mean of monthly rates) only including employees giving notice

	2021	2022	2023
Average number of staff	155	166	180
Turnover for period under review	1.96	1.47	0.64

In 2023, the turnover rate amounted to 0.64% (2022: 1.47%; 2021: 1.96%) and was thus at a very good level once again. We regard this as further evidence of the attractive working environment ZEAL offers its staff.

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. In order to be able to win the competition for talent, ZEAL strives to ensure that employees can reconcile their individual life concepts with their professional life as far as possible.

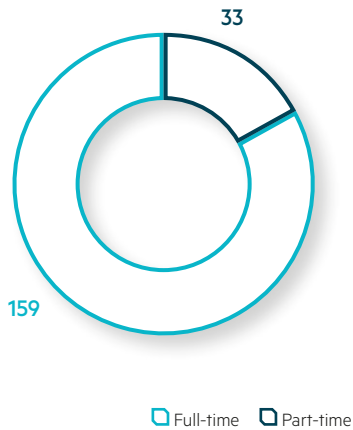
We promote equal opportunities for women and men as well as the compatibility of work with family obligations. At ZEAL, staff can freely arrange their contractually fixed working hours (trust-based working hours). Where requested, we also offer the possibility of part-time work, which can be converted back to a full-time position if circumstances change. In 2023, around 20% of our part-time workers converted their part-time position to a full-time position (2022: around 9%). A total of 10 employees, or 5.6% of our workforce, were on parental leave in 2023.

The possibility to take 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, provides flexibility and makes it even easier for our employees to plan ahead. In 2023, around 15% took advantage of the opportunity to take time off for special occasions (prior year: around 17%), and around 17% took advantage of the offer to take paid leave in the case of child illness in 2023 (prior year: around 14%).

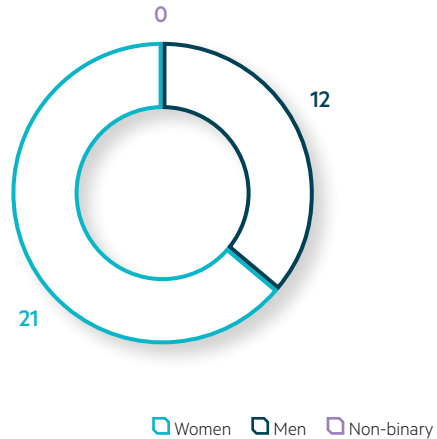
Our holiday policy gives ZEAL employees the opportunity to take more than 30 days of holiday, after prior consultation. In this way, we want to offer our employees greater flexibility while protecting their health and productivity. In 2023, around 32% took advantage of this opportunity (2022: 31%). In this context, remote working also plays an important role as an integral part of our working culture. For example, we allow employees to work remotely (in consultation with their manager and team) and offer them the freedom to work from an EU/EEA member country for four weeks a year. In 2023, a total of around 14% of our employees took up this offer (2022: 13%).

The regulations on more flexible working hours and working models are set out in a special guideline that all employees receive. This explains their rights and obligations regarding the various measures to increase the flexibility of their jobs. The corresponding regulations are also part of our New Work Policy and our Working Hours Policy (further information on this can be found in the section 'Employee satisfaction and turnover'). In 2023, our employees worked from home an average of three days per week (2022: three days).

Employees by working time model



Part-time work by gender



Freedom of assembly, freedom of association and collective bargaining

We respect the rights of our employees with regard to freedom of assembly, freedom of association and collective bargaining agreements. There are currently no employees with union-negotiated pay agreements at ZEAL. In principle, however, we are open to the establishment of employee representative bodies and collective agreements and will not hinder such efforts by our employees.

We also respect the right of our employees to join a trade union and would then also work constructively with employee representatives and their organisation. With regard to freedom of assembly and freedom of association, there were no controversies at ZEAL in 2023 (2022: none; 2021: none).

Diversity

Diversity, equity and inclusion (DEI) is becoming increasingly important for companies, as a diverse workforce not only has a positive impact on the employer brand, but can also positively influence corporate culture and employee satisfaction. Furthermore, a diverse work environment helps to compensate for the shortage of skilled workers and to achieve better work results. In order to use and expand the existing diversity in a company, it must be managed in a targeted manner. This is done through diversity management.

As an international company, ZEAL naturally attaches great importance to diversity and a balanced representation of all genders, origins, religions and age groups. We are aware that there is room for improvement in this area and that we can still become more diverse in certain areas.

We strive for a workforce that reflects the diversity of our society. However, for diversity to be a real advantage, it must be based on the principle of equality and filled with life. This includes promoting the conscious handling as well as the acceptance and equality of different people in companies, regardless of, for example, age, gender, ethnicity, skin colour, disability, religion, nationality, ideology or sexual orientation.

Our work culture enables equal opportunities regardless of these or other discriminatory characteristics. We promote the reduction of prejudices and educate our employees on the topics of diversity, inclusion and intercultural competence. Our sector tends to attract men, which is why we generally have a lower proportion of women than is the case in other sectors. This is also reflected in our Supervisory Board and Management Board.

However, with targeted diversity management and direct responsibility for this issue assumed by our CFO Sebastian Bielski, we aim to promote a diverse corporate culture and achieve greater diversity in the long term. In order to increase the proportion of women and the diversity of our Company as a whole, we have addressed the recommendations of the Diversity Charter and developed an action plan, which we are now gradually implementing. We also work together with the agency Trust in SODA to increase our diversity through the targeted recruitment of talent.

Part of the action plan was to establish a dedicated DEI working group in 2022 to support ZEAL's diversity management. It has developed proposals on the topic of diversity and presented them to the Management Board.

In order to regularly measure the commitment of our employees and the results of our measures, we introduced a DEI survey in 2023. This provided us with valuable insights into diversity aspects in the Company that are perceived as positive, as well as pointers for possible improvements. ZEAL's fair and respectful treatment of staff was rated particularly positively in the survey. We are delighted that our employees feel at ease and valued at work. However, the survey also revealed that we need to promote diversity, equality and inclusion at ZEAL even more strongly with specific measures.

Short-term goals	Description	Status
Appoint working group	Working group for the internal support of the topic at ZEAL.	Completed
Guidelines	ZEAL Code (Code of Ethics).	Completed
Flexible working models	Reconciling work, care and family.	Completed
Analysis of personnel structure	What is the gender distribution? What are the cultural backgrounds of our workforce at different levels of experience? How is our employee age structure distributed across different hierarchies, areas and departments? Where is the need for more diversity particularly high?	Completed
Diversity calendar as an expression of our appreciation of a diverse corporate culture	For example, information on International Women's Day, International Day of Persons with Disabilities.	In planning
Diversity success stories on the Intranet	Success stories from mixed teams, statements by managers on diversity management, or experience of role models are all intended to provide incentives and make the benefits of diversity tangible.	Under discussion
Leaders as role models	A clear commitment by our managers to our diversity approach.	Under discussion
Diversity events	Promoting the targeted reduction of prejudices and the sharing of experiences.	Under discussion
Medium-term goals		
Neutral job advertisements and documents	To clearly express our openness to applicants with different circumstances and backgrounds.	In planning
Induction plans/onboarding	For equal opportunities from joining the Company.	Under discussion
Job profiles	Clear skills profiles with results and target agreements to ensure equal opportunities in the selection process.	Under discussion
Long-term goals		
Enlist external support	To identify problem areas and potential even better and to develop an action plan.	Running
Focus groups	Especially in the early days of diversity management: exchange of different managers, employees and internal and external network partners to share experiences and adapt the concept to ZEAL's circumstances.	Running
Senior trainee programme	Re-entry of highly skilled staff after several years of parental leave.	Under discussion
Flexible workplace concept	No fixed workplace, but free choice of workplace that best suits the current activity; opportunities for retreat and relaxation as well as a large communal kitchen and lounge for colleagues to spend time together.	On trial

We are committed to removing barriers to the participation of people with disabilities or other disadvantaged groups and to promoting an inclusive corporate culture. In 2023, we employed one person with a disability (2022: one person).

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. At the same time, we strive to keep language barriers as low as possible (English is the Company language) to ensure good cooperation between our employees, who came from 28 different nations in 2023 (2022: 32; 2021: 23).

As in previous years, there were no controversial issues with regard to diversity and discrimination in 2023.

Recruiting and retaining talent

We offer our employees an attractive overall package of competitive remuneration, extensive additional benefits and training opportunities, as well as a corporate culture of partnership as equals. In 2023, we hired a total of 14 new staff (2022: 33; 2021: 26), of which 12 in Germany (2022: 29; 2021: 22), 0 in the UK (2022: 2; 2021: 0) and 2 in Spain (2022: 2; 2021: 4). Our entire recruitment process is non-discriminatory and geared towards diversity. In 2023, 55.94% of all new recruits were women (2022: 48.48%; 2021: 50%).

ZEAL pays 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. Within this defined framework, we conduct a review of existing salaries and adjust them to ensure we continue to offer our employees salaries commensurate with market conditions and performance. In 2023, the average monthly salary of employees at ZEAL, excluding remuneration of Management Board members and students, was €5,926 (2022: €5,978; 2021: €5,782).

In addition to their basic salary, our managers receive variable remuneration with short- and long-term incentives linked to individual and Company-related issues. The Supervisory Board regularly adopts the target achievement parameters and sets new targets. The service agreements of Management Board members include clawback clauses. Specific malus provisions are limited to damages for misconduct. The current Management Board and Supervisory Board remuneration systems are described in detail in the Remuneration Report. This can be found on our website (<https://www.zealnetwork.de/about-us/corporate-governance/remuneration-of-boards/>). It also contains a description of the share-based remuneration system for the Management Board.

The Long-Term Incentive Plan is designed as a share price-related remuneration component and is a key instrument for ensuring the long-term nature and sustainability of Management Board remuneration. It also links the interests of the Management Board and shareholders even more closely.

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). 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 social security contributions) on the final amount invested. A total of 48 employees participated in our ESPP and held Company shares in ZEAL in 2023 (2022: 41; 2021: 42). This represents 26.7% of ZEAL's total workforce (2022: 20.6%; 2021: 25.2%). 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, day-care vouchers, health insurance contributions, life insurance and a Company pension scheme. In 2023, 53.3% of our employees took advantage of the offer for subsidised public transport tickets (2022: 22.1%) and 41.7% benefited from ZEAL's subsidised gym fees (2022: 22.6%). A total of 3.9% of our employees took advantage of the opportunity to receive day-care vouchers in 2023 (2022: 6.0%).

We attach particular importance to the retention and promotion of talent – as it is these employees who ensure ZEAL's continued business success. Our Learning & Development Manager is responsible for this topic. This person's task is to manage personnel development projects (further information on this can be found in the section 'Training employees and promoting their development').

In 2023, we introduced a new process for the performance management of our employees. This includes scorecards, 360° feedback and targets for all employees in order to regularly measure and review their performance and ensure development measures.

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. Depending on the business unit and the approach of the manager in charge, targets can be set with us as individual, team or business unit targets. It is possible to set quarterly, half-yearly or annual targets. We do not have a standard template or method for setting targets. However, the principle is that targets should be SMART, in other words specific, measurable, achievable, realistic and timed. At least once a year, we review the achievement of these goals. If the targets have been achieved and a corresponding agreement was made in advance, our employees then receive their personal bonus payment.

In day-to-day business, we ensure transparent communication and fair distribution of tasks using the RASCI method¹, a popular project management tool. Both the SMART and RASCI methods are regularly audited. Active staff participation in every step of the process promotes and demands the commitment of each individual.

Our successful recruitment and talent management is reflected in top ratings on online portals and our very low turnover rate of 0.64% in 2023 (2022: 1.47%; 2021: 3.45%).

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

Occupational health and safety

We create a safe and healthy working environment. This reduces our financial risks arising from health-related absences, or mental and physical stress, and protects our employees from accidents. The biggest health risks associated with our business model come from the nature of our workplaces, the consequences of sitting for too long, and mental and physical strain caused by stress.

The topic of occupational health and safety therefore includes, in particular, direct protection against hazards at the workplace through appropriate, health-promoting work furniture and equipment, the prevention of accidents at work, for example due to tripping hazards or electrical equipment which is not properly maintained, as well as the promotion of a healthy lifestyle at work. Our safety culture therefore includes regular risk assessments, the appointment of several occupational safety officers and the consistent involvement and raising of employee awareness, for example through training.

Our Health and Safety Officers are responsible for the implementation of specific projects. If necessary, they can obtain advisory support from external experts at any time, for example to conduct risk assessments. Our trained facility managers also regularly check the equipment and technology at our workplaces.

ZEAL provides a safe and healthy environment for employees and guests in accordance with international standards and applicable laws. It is mandatory for new ZEAL employees to take part in internal training courses on occupational health and safety. For example, they receive an overview of the emergency exits available in their office building or information on specific procedures in emergency situations. Once a year, all employees must attend a 30-minute training session to refresh their knowledge of occupational health and safety regulations. If there are changes in the relevant regulations, we inform our workforce immediately. Four times a year, external experts check whether we continue to fulfil all legal requirements in connection with occupational health and safety.

We expect all employees to be familiar with the applicable regulations and guidelines at all times and to follow them exactly. However, if there are any violations of occupational health and safety regulations, we will consistently pursue and sanction them. Our employees are required to immediately report any situation or process that could pose a risk to health, safety or the environment.

In order to prevent work-related illnesses, our employees can take advantage of various offers. These include, in particular, medical support from the Company doctor, Health Days, various sports activities and active stress management.

For example, the Company doctor holds regular workshops on the topic of ergonomic working practices. At the same time, our desk workplaces are ergonomically designed and regularly checked to ensure that the desks and chairs are optimally adjusted.

We also try to promote the well-being of our staff by offering Health Days. The two Health Days offered in 2023 were attended by around 38% of our employees (2022: 42%).

Our sports activities mainly include the subsidised use of gyms, swimming pools or other sports facilities. A total of 41.7% of our employees took advantage of this offer in 2023 (2022: 22.6%). In addition, they can all take part in a guided online training session once a week, especially to prevent strain or back pain. In 2023, a total of 156 participants took advantage of this offer. Every fortnight, our employees are also offered treatment and advice from a professional physiotherapist during working hours – they booked a total of 292 appointments in 2023.

Proactive stress management is also 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. In addition, we offer our employees the opportunity to work flexible hours if their field of activity allows it, and thus try to facilitate an optimal work-life balance.

Thanks to our healthcare measures, the accident rate in 2023 was just 1.96% (2022: 0.51%; 2021: 2.78%), there were three work-related injuries (2022: 1; 2021: 1) and no fatalities (2022: 0; 2021: none). The sickness rate in 2023 was 3.66% (2022: 3.61%; 2021: 2.78%) and the number of reportable work-related sickness cases was nil (2022: nil; 2021: nil). The average hours worked per week per employee at ZEAL in 2023 was 38.6 (2022: 38.1; 2021: 38.0). There were no controversial issues relating to occupational health and safety at ZEAL in the reporting period (2022: none; 2021: none) and no violations of our occupational health and safety regulations (2022: none; 2021: none).

Training employees and promoting their development

Our continuing education and training programme helps us to ensure that our employees develop in line with ZEAL's corporate strategy and are trained in the relevant skills needed to achieve this. Our continuing education and training measures are offered to all of our employees so that our entire workforce has the opportunity to develop their professional skills.

Our training programme includes regular training according to the respective tasks and areas of responsibility.

We also offer individual training opportunities based on annual discussions with staff, performance appraisals and internal surveys. These may include recommendations for coaching on a specific topic, professional or technical training, or courses to improve social skills.

For this purpose, an annual training budget of €1,500 (€2,500 for managers) is allocated to each staff member, of which our employees used on average €1,754 in 2023 (2022: €1,064; 2021: €354). In total, ZEAL incurred continuing education costs of €315,790 in 2023 (2022: €211,677).

Almost 13% of our employees took part in training courses instead of office days in 2023 (2022: 9%).

In order to improve the promotion of continuing education for our employees, ZEAL has created the position of a Learning & Development Manager, which has been filled since 1 February 2023. Their task is to oversee staff development projects, including the establishment and ongoing development of a programme to promote personnel development measures. It is steered on the basis of KPIs such as employee satisfaction or individual development progress. In addition, the Learning & Development Manager encourages employees to make use of the training budget available to them as well as the various continuing education offers. Our employees can use forms to provide feedback on all training courses organised via our Learning Management System. A performance management cycle starting in 2024 will help us provide further support for staff development by means of a structured process. We will also introduce a new management development programme in 2024.

In addition to voluntary training opportunities, ZEAL offers mandatory training for all employees on the topics of data protection and information security. In addition, employees are also trained in critical areas regarding responsible gambling. The universally applicable guidelines are made available to all employees at a central location and compliance with them is audited at regular intervals.

Details on the scope, implementation and control of training courses are listed in the respective chapters.

CORPORATE SOCIAL RESPONSIBILITY

Taking responsibility is a central component of our values. As a provider of lottery products, we have a particular responsibility to society as gambling can lead to addictive behaviour. At the same time, however, lotteries also play an important role in society, as they have traditionally always been a significant mainstay for the common good.

LOTTERIES AND THE COMMON GOOD

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 levies. According to figures of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock' – DLTB), around €3.3 billion was transferred to the state budgets or beneficiaries in the form of taxes and levies in 2023 (2022: €3.2 billion; 2021: €3.2 billion). In 2023, this corresponded to around €9.0 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.

As a Company that pays taxes, ZEAL also contributes to the funding of our community. We do not engage in tax avoidance schemes. Our CFO Sebastian Bielski is responsible for the topic of taxation.

In 2023, ZEAL paid a total of €39.2 million in taxes and levies (2022: €30.3 million; 2021: €31.4 million) and – as in previous years – generated funds for important social and societal projects amounting to €319 million (2022: €286 million; 2021: €246 million) through our brokerage activities.

And our charity lotteries make an additional contribution. Our own lottery products, such as 'freiheit+' and 'Traumhauslotterie', are charity lottery products where our partner BildungsChancen gGmbH helps finance social projects.

In total, 100% of our products currently have a social and/or environmental impact and benefit the common good.

A detailed list of all taxes paid by ZEAL and its subsidiaries in various jurisdictions and countries can be found in the financial section of our Annual Report.

STAKEHOLDER DIALOGUE

Actively engaging with stakeholders is an essential part of our responsible approach to business. Continuous dialogue with them enables us to incorporate the aims and requirements of various stakeholders identified in our materiality analysis into our business operations, and to identify problems and contentious issues at an early stage. At our ESG workshop, we discussed the concept of sustainable finance, which participants suggested offered the potential to link business and sustainability strategy and thus resolve varying stakeholder expectations, such as those of employees and shareholders. This concept is also gaining traction as banks – key stakeholders for business – increasingly demand progress in the field of sustainability. An overview of our stakeholder dialogue activities, including key data and measures, is detailed below.

CUSTOMER SATISFACTION

ZEAL is defining the future of lotteries and games of chance by providing an exciting but safe customer experience while contributing to the common good. This is why we regularly measure the satisfaction of our customers by conducting customer satisfaction surveys.

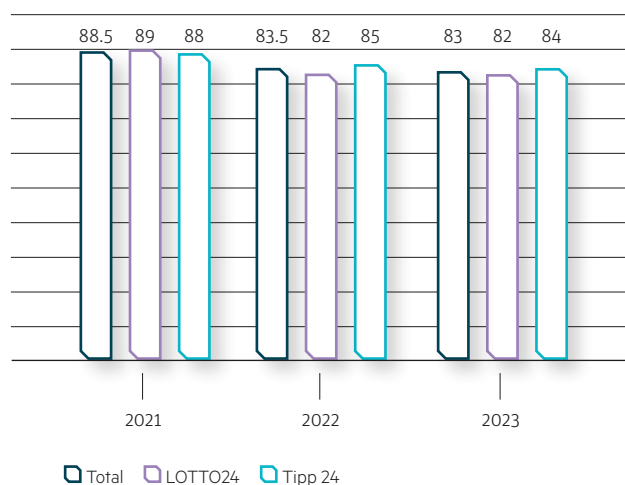
We conduct online customer surveys via e-mail invitation. In 2023, a total of 1,842 customers participated for LOTTO24 (833) and Tipp24 (1,009). This means that the number of surveys and thus their aggregated informative value increased once again compared to the previous year (2022: 1,068 customers surveyed).

Thanks to a survey tool that has remained largely unchanged over the past years, we have standards with which we can also reliably record and react to changes.

One important indicator is the recording of overall satisfaction, for which we use a 7-point scale – from 1 (= very dissatisfied) to 7 (= very satisfied) and display the top 3 boxes (scale points 7, 6 and 5) together.

The scores show that overall satisfaction remains at a stable and encouraging level of over 80% compared to previous years. Nevertheless, our enduring ambition is to achieve the highest possible level of customer satisfaction. This means that customer satisfaction has top priority in our day-to-day activities and we always respond to their concerns and enquiries as quickly as possible. In 2023, for example, we responded promptly to around 246,000 tickets and e-mail enquiries from our customers (2022: 203,000 tickets).

Customer satisfaction (%)



2023: n = 1,842 (n = 833 LOTTO24 + n = 1,009 Tipp24), representation of top 3 boxes on a 7-point scale from 1 (= very dissatisfied) to 7 (= very satisfied).

DIALOGUE WITH SHAREHOLDERS, ESG RATING AGENCIES AND OTHER STAKEHOLDERS

By continuously and actively engaging with our shareholders, we can develop an understanding of their needs and assessments and thus gauge how we can ensure our business activities are in line with their legitimate interests. At the same time, this dialogue helps give us a better understanding of our shareholders' investment behaviour and address any issues in advance. In the interest of our shareholders, we strive to ensure the greatest possible degree of transparency about our actions, our strategies and the basis for our decisions.

We actively encourage our shareholders to get involved and exercise their rights. German law lays down strict rules that we cannot alter. These include a threshold for the right to add items to the agenda of general meetings amounting to 5% of all issued shares or a proportionate amount of €500,000. In Germany, the right to vote at general meetings is based on the principle of 'one share, one vote'.

In 2023, we stepped up our dialogue with relevant ESG rating agencies. As part of a rating impact analysis we reviewed and systematically evaluated our sustainability ratings, enabling us to enter into a results-oriented dialogue with the rating agencies. This helped us to improve our sustainability ratings once again in 2023 and to define goals for the further implementation of measures to improve our sustainability performance. As a Company, we benefit from this improvement in our ESG ratings as it makes us more attractive to investors. At the same time, a stronger rating performance means a gain for our stakeholders as it underlines our contribution to a sustainable transformation of the economy and society.

In 2023, we once again took part in the University of Hohenheim's Gambling Symposium in order to share views with experts from science, politics and our sector and to gather the latest information on topics such as gambling supervision, online gambling and player protection. Together with experts from various fields, a research group from the university presented their findings on the latest gambling-related topics.

STRONG PARTNERSHIPS

As part of our corporate social responsibility efforts, we take responsibility by partnering with charities – such as the Spanish Organización Nacional de Ciegos Españoles (ONCE). ONCE, a Spanish organisation for the visually impaired, helps people who are blind or have a visual impairment to lead independent lives. Founded in 1938, the company prides itself on having created a range of specialised services that enable thousands of people to fulfil their potential.

ONCE's 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 the first German lottery broker to include 'Deutsche Fernsehlotterie' – Germany's oldest charity lottery to support people in need – in our product range, thus providing additional indirect support for further social and community projects.

By buying stakes in our lottery 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 2023, more than 235,000 trees (2022: 243,000; 2021: 209,000 trees) were planted by the local population around the world with the aid of our project partner Eden Reforestation Project. Since the lottery club was launched, over 879,000 trees have been planted. As well as actively combating climate change, this project also offers employment prospects for the local population. Projects in Nepal, Honduras, Madagascar, Ethiopia, Kenya and Mozambique have been supported so far.

In addition to the 'Das Grüne Glück' lottery club, we launched our second environmental lottery 'Der Blaue Schatz' in 2023. In cooperation with our partner 'MBRC the ocean', every ticket purchased by the lottery club helps them retrieve plastic waste from the ocean and recycle it into useful items. Depending on the amount of plastic to be fished out of the sea, our players can increase their stake. By the end of 2023, the equivalent of 433,480 PET bottles had already been collected, thus making a significant contribution to cleaning up the oceans.

With the charity lottery 'freiheit+' that ZEAL runs together with BildungsChancen gGmbH, we have been promoting educational projects in Germany and around the world since 2020. Its aim is to help people tap their personal potential – something which also benefits society as a whole. Since 2020, over €19 million has already been awarded to education projects – €6.4 million in 2023 alone (2022: €5.9 million; 2021: €5.4 million). 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. In 2023, we were able to support a total of 58 educational projects (2022: 69; 2021: 103).

We constantly strive to raise the profile of our social and environmental lotteries through various marketing measures and thus generate more donations for good causes through higher sales figures. We are also looking for ways to integrate additional projects and improve the quality of our active projects. To achieve this, we are in constant dialogue with current and potential new providers of corresponding business models.

SOCIAL STANDARDS IN THE SUPPLY CHAIN

Due to its size, ZEAL is not subject to direct obligations under the German Supply Chain Due Diligence Act ('Lieferkettensorgfaltspflichtengesetz' – LkSG), which regulates corporate responsibility for compliance with human rights in global supply chains. Nevertheless, we pay careful attention to possible risks of human rights violations when selecting our contractual partners.

These contractual partners are based especially in the EU and the USA, and largely provide electronic services. The high standards and strict legal obligations that apply in these countries ensure a high level of compliance with human rights. In addition, there are only very low risks of human rights violations in the supply chain when providing electronic services. In 2023, we did not therefore initiate any specific risk analyses. However, we require our business partners to comply with the principles and requirements regarding social and environmental issues – including human rights and non-discrimination – as well as governance issues set out in our ZEAL Code.

Governance

Good corporate governance needs a solid foundation that keeps the culture and actions of the Company on the desired track and at the same time ensures that everyone who interacts with us knows what we value as a Company. We have set out our requirements for integrity and ethics in a code of ethics and conduct, the ZEAL Code, which is binding for our employees, and translated it into our processes and monitoring measures.

An updated version of the ZEAL Code was published in 2022 and is available to all employees and interested parties in German, English and Spanish. In addition to the general compliance fields, we place particular emphasis on compliance with the special compliance fields of gambling regulation, data protection, IT security, capital market issues, competition, anti-corruption, occupational health and safety, good working conditions and equal opportunities based on the principle of non-discrimination. To ensure a higher level of commitment, all employees must recognise the ZEAL Code. Depending on the respective risk of the business relationship, we also plan to require our contractual partners to take note of and comply with our principles of action.

INTEGRITY – THE BASIS FOR OUR SUCCESS

We are convinced that ethical behaviour and economic success are not mutually exclusive. Conducting our business with integrity secures our reputation as a trustworthy and reliable business partner. Integrity means doing the right thing even when no one is watching. We clearly defined this value in our ZEAL Code and further specified how it should guide us in our daily work together and with other stakeholders such as our customers, business partners or investors.

Our reputation as a trustworthy and reliable business partner is an important factor for sustainable success. Our behaviour, our communication and all other interactions with our stakeholders should therefore strengthen the trust people place in us. In its broadest sense, 'compliance' means 'adherence to rules'. For ZEAL, this means adhering to all relevant laws, regulations and international guidelines, in particular the State Treaty on Games of Chance, the EU GDPR, IT security and financial regulations. We are therefore also keen to emphasise that there were no violations of regulatory requirements in connection with gambling at ZEAL 2023.

Our own guidelines and policies, above all our ZEAL Code, illustrate how we want to live our values and how we ensure compliance with rules in our everyday lives.

We are firmly committed to creating a working environment and culture that promotes ethical behaviour and prevents such compliance violations. We expect all our employees to take responsibility for their actions and to feel personally accountable for complying with the law and our internal policies. For us, integrity means making the right decision in accordance with our values and ethical expectations to the best of our knowledge and belief, even if there are no written rules, and speaking up when something violates our sense of justice.

Pursuant to section 161 of the German Stock Corporation Act (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 the Company's website (zealnetwork.de).

COMPLIANCE MANAGEMENT

For us, compliance means reducing legal risks, safeguarding our reputation and managing our corporate culture. ZEAL has several policies based on the ZEAL Code that guide the entire ZEAL team to make the right decision in difficult situations. Examples include our rules on accepting or granting of invitations and gifts from business partners, or the double-check principle for financial matters.

ZEAL has a compliance management system (CMS) consisting of a set of measures and processes based on the established auditing standard IDW PS 980 of the Institute of Public Auditors in Germany ('Institut der Wirtschaftsprüfer in Deutschland' – IDW). It is designed to ensure that we act in accordance with ethical principles and adhere to all applicable laws, internal regulations and voluntary commitments. We pay particular attention to compliance with requirements in the fields of gambling regulation, data protection, IT security, competition, money laundering, corruption and fraud, occupational health and safety, as well as working conditions and general non-discrimination.

Our measures are data-based and the result of thorough and regular risk analyses (see Risk Management chapter). We also constantly monitor the development of legal requirements to ensure the effectiveness and efficiency of our CMS. Regular information events and training ensure a high and constantly up-to-date level of expertise across the entire ZEAL team. Each member is called upon to report (potentially) unethical behaviour to our Compliance team. To this end, we provide various reporting channels such as our whistleblowing system (see section 'Combating money laundering and corruption'). The various channels are also expressly available to our business partners, as ZEAL attaches great importance to ethical behaviour in its dealings with third parties and therefore also carries out detailed checks on relevant business partners before entering into a contractual relationship. Our Compliance Team is constantly available via our internal contact options for questions, doubts or improvement suggestions regarding compliance-relevant processes. The input received is documented and analysed as the basis for continuously improving the CMS.

By setting the 'tone from the top', all managers are obliged to exemplify, through their own behaviour and attitudes, a culture of risk management that encourages staff to comply with the applicable regulations and to avoid violations. Managers with responsibility for particularly sensitive compliance areas hold workshops twice a year to analyse and assess potential risks and to define appropriate risk-reducing measures. The discussions also include awareness-raising and training for our risk and compliance culture. The Compliance Officer, who reports directly to the Management Board, is responsible for coordinating these workshops as well as for the entire CMS.

According to section 5 (3) of the Management Board's own rules of procedure, the CEO is responsible for liaising with the Supervisory Board and its members and for informing the Chairman of the Supervisory Board about any extraordinary events of particular significance. According to section 8 (3), the Management Board must inform the Supervisory Board regularly, promptly and comprehensively about all issues relating to strategy, planning, business development, the risk situation, risk management and compliance that are relevant for the Company. It must also address any deviations from the established plans and targets for the course of business, stating the reasons. The duty to inform and report to the Supervisory Board is incumbent on the entire Management Board under the coordination of the Chairman of the Management Board. Reports of the Management Board to the Supervisory Board are generally made in text form. Relevant documents, in particular the Annual Financial Statements, the Consolidated Financial Statements and the Auditor's Report, shall be sent to the members of the Supervisory Board in good time before the meeting.

ZEAL's remuneration system for the Management Board includes economic, performance-related components. Sustainability criteria are currently not explicitly included, but could be added at the discretion of the Supervisory Board via the definition of short-term incentive targets. Details of Management Board remuneration can be found in a separate Remuneration Report, available at www.zealnetwork.de.

An effective strategy for the prevention and avoidance of compliance risks requires suitable, informed and independent control bodies. In addition to proven industry expertise in our field of activity and thus the related specific requirements and risks, our Supervisory Board is of central importance in this regard. The independence of the Supervisory Board's members is in accordance with German stock corporation law and the German Corporate Governance Code.

We are convinced that our lean and practice-oriented ethics and compliance management approach is a competitive advantage for ZEAL, as it not only positions us as a trustworthy gaming provider and reliable business partner, but also as an attractive employer with minimal bureaucracy. Further concrete measures to ensure business integrity and data, for example on violations or complaints, are listed in the chapters on Fair Competition, Combating Corruption and Money Laundering, Lobbying and Risk Management at ZEAL. We also report key figures on our compliance management, as shown below. We disclose related party transactions in detail and in accordance with IAS 24 (Related Party Disclosures) in note 30 to the Consolidated Financial Statements in this annual report. Complete information on the fiscal year 2023 can be found in the Annual Report 2023, also in note 30 to the Consolidated Financial Statements.

In 2023, two compliance risks were identified at ZEAL. The Supervisory Board was promptly informed of both risks in accordance with internal processes.

FAIR COMPETITION

The German lottery market is strictly regulated and dominated by the 16 state regional monopolies of the lottery companies of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock' – DLTB). We value freedom of competition and are committed to fair conditions for all market participants, as these enable us and our competitors to drive innovation while complying with the legal requirements for our products and services. We comply with the legal requirements for fair competition and base our management approach on these. As a commercial gaming broker, ZEAL offers an independent alternative to the state's own sales outlets, enabling players to use state lotteries and other gaming products via a uniform offering. In doing so, ZEAL complies with the laws and regulations valid in the Federal Republic of Germany and the EU, in particular the requirements of gambling and competition law.

We do not enter into price agreements, nor do we set sales quotas or market allocations. Such behaviour is not tolerated by us. We also comply with the German Act against Unfair Competition ('Gesetz gegen den unlauteren Wettbewerb' – UWG) and do not accept any actions that distort competition, such as discrediting competitors or using misleading advertising (see also the section Responsible Marketing). Our management approach also stipulates that we make agreements with suppliers or customers that are always unambiguous and document them within the framework of contracts. Verbal or even hidden side agreements are not tolerated and have no validity. In addition, our ZEAL Code (Code of Ethics) excludes anti-competitive behaviour and provides for a whistleblower system to anonymously report any violations.

Since fairness in competition is of great importance to us, we have also entered into a partnership with the Centre for Protection against Unfair Competition ('Zentrale zur Bekämpfung unlauteren Wettbewerbs Frankfurt am Main e.V.' – for short: 'Wettbewerbszentrale'), a self-regulatory institution operating throughout Germany and across borders to enforce the law against unfair competition. 'Wettbewerbszentrale' acts as an advisor to us, above all in questions of competition law or legal practice in competition. Among other things, this enables us to recognise and manage competition law risks at an early stage. In this way, we also fulfil our social responsibility to promote fair business relations and fair competition in our industry.

In the past three years, we have had no legal proceedings for anti-competitive behaviour and suffered no other monetary losses resulting from unethical or illegal behaviour.

COMBATING MONEY LAUNDERING AND CORRUPTION

In the gaming sector in particular, there is a higher risk of money laundering – thus making it a core topic of ZEAL's overall Ethics & Compliance Management System and something that we counter with a variety of measures. The basis is our Anti-Money Laundering Policy (AML Policy) published in 2023, which can be viewed and downloaded online (<https://www.zealnetwork.de/about-us/downloads/>). Our measures include refusing cash transactions at ZEAL and the transparent interpretation of our licences:

LOTTO24 AG, which markets our B2C products in Germany, is regulated and licensed by:

- Joint Gaming Authority of the German federal states ('Gemeinsame Glücksspielbehörde der Länder' – GGL);
 - Licence for commercial game brokerage
 - Licence to operate games.
- Malta Gaming Authority
 - B2B games supplier licence.

Furthermore, LOTTO24 AG conducts annual audits of the money laundering risk. The last audit took place in November 2023 and was conducted in accordance with the requirements of ISO Standard 31000. We take particular account of the areas identified by the National Risk Analysis of the Federal Republic of Germany 2018/2019:

- High threat of money laundering with simultaneously low risk of terrorist financing.
- Obfuscations due to a high number of transaction options when playing online, for example by using several payment accounts of different payment providers.
- Misuse of gambling accounts for illegally acquired funds.
- Misdeclaration of payouts as gambling winnings.

In order to address all AML topics appropriately, ZEAL cooperates with the Chevron group, a leading consulting company in the European gambling sector. The group's CEO, Jochen Biewer, has been appointed as Lotto24's Money Laundering Reporting Officer (MLRO) and in addition Nikolas Lotz, COO of a Chevron group company, has been appointed as deputy MLRO. The MLRO is responsible for LOTTO24's AML strategy. The strategy contains obligations and duties which all relevant ZEAL employees must comply with at all times. These duties are monitored by the MLRO and the relevant departments. The AML strategy comprises:

- The implementation of effective and efficient AML procedures for day-to-day management and administration by an AML Management System.
- The development and performance of adequate controls to ensure that all applicable legal and regulatory AML requirements of its jurisdiction are being adhered to.
- Ensuring that local guidelines and procedures are in line with local AML laws/regulations.
- The development and maintenance of procedures to ensure that unusual and suspicious transactions are detected.
- Establishing and maintaining risk-based procedures, including enhanced due diligence for those customers presenting higher risk, such as Politically Exposed Persons (PEPs), and according to the risk categorisation performed.
- Establishing and maintaining risk-based systems and procedures to monitor ongoing customer activities.
- A procedure for reporting suspicious activity internally and to the relevant law enforcement authorities as appropriate.
- The maintenance of appropriate records for the minimum prescribed periods.
- Establishing and maintaining risk-based employee's due diligence, identification and verification of reliability procedures.
- Regular training and awareness for all relevant employees. Failure to comply with our internal rules to prevent money laundering or any other unethical behaviour may give rise to disciplinary action, up to and including dismissal.
- The provision of appropriate management information and reporting to senior management of ZEAL's compliance with the requirements.

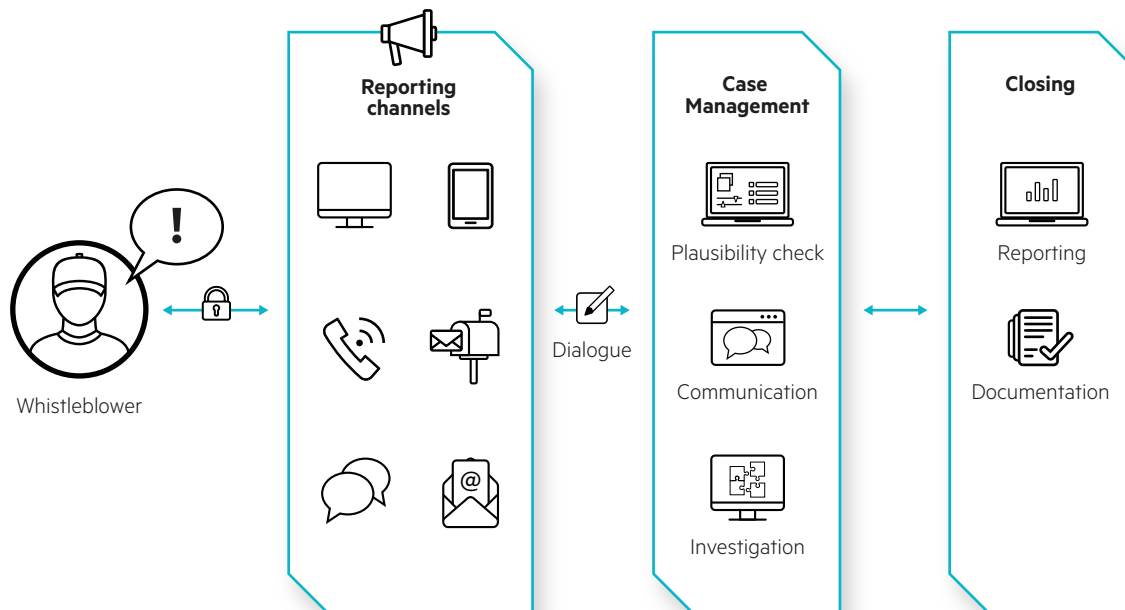
All employees are informed at regular intervals about the principles set out here and the possibility of using our whistleblower system. Detailed information on our whistleblower system can be found in further below in this section.

To prevent or reduce payment fraud, we set up the Payment, Fraud and Verification department, which comprised six full-time employees in 2023.

Like money laundering, corruption both in Germany and abroad is a criminal offence that we do not tolerate and that poses a risk to our reputation. We therefore have zero tolerance for any form of corruption, such as bribery, embezzlement, extortion or other forms of corrupt behaviour. Above all, we do not accept any abuse of our lottery services for the above purposes. We therefore also insist that our employees immediately report any violations and misconduct. We have drawn up a guideline for our employees regarding the correct handling of gifts and invitations.

We take immediate action against money laundering and any attempt of illegal influence and corruption, including the termination of our cooperation. In 2023, there were no reported or detected cases of money laundering or corruption at ZEAL or our suppliers. There were also no known conflicts of interest during the reporting period.

ZEAL expressly encourages an open corporate culture in which our workforce feel they can 'Think Brave' and raise concerns. It should always be possible for everyone to freely express any doubts they may have about the correct behaviour of others in the course of our business operations. Various channels and opportunities are open for this purpose: actual or suspected violations, as well as concerns, can be expressed to superiors, directly to the Management Board or anonymously through our publicly accessible whistleblowing system at zeal.whistleblownetwork.net. The whistleblower system is therefore also explicitly aimed at customers, suppliers and other third parties outside the Company who can use it to report suspicious cases.



Our Whistleblower Policy is also publicly available through our whistleblower system. The system is available to ZEAL employees in all relevant languages. In addition, information can also be sent in the following ways:

- By e-mail to ethics@zealnetwork.de.
- By post to ZEAL Network SE, Ethics & Compliance, Carsten Muth, Straßenbahnring 1, 20251 Hamburg.
- Personally to our Compliance Officer Carsten Muth (carsten.muth@zealnetwork.de).
- To our external consultant Maxie-Lina Mehling (maxie@ethicsandcompliance.de; www.ethicsandcompliance.de).

Our Compliance Department processes all information with the assistance of external compliance specialists and ensures that the necessary steps are taken. Whistleblowers will never be denounced, disadvantaged, punished or otherwise prosecuted by us in any way.

As part of their onboarding process, all our employees are proactively familiarised with our whistleblower system and the various channels for raising concerns about compliance issues. ZEAL regularly refers to the whistleblower system when communicating compliance issues. In 2023, no complaints were submitted internally or externally via this or the other channels.

LOBBYING AND ASSOCIATION MEMBERSHIPS

Lobbying as participation in political and social discourse is part of our social and corporate responsibility. It is in the interest of our Company and our shareholders that we bring our perspective to the political discourse and address potentially business-damaging controversial issues – always in line with our compliance and anti-corruption guidelines. In doing so, we are committed to the principles of non-partisanship, democratic opinion-forming, pluralism and transparency. ZEAL does not endorse any political parties, candidates or office holders – our political engagement is always based on issues and result-oriented. We have anchored this in our ZEAL Code.

As part of our transparency commitment, we publish our association memberships. In 2023 these were:

- German Lotto Association ('Deutscher Lottoverband').
- CDU Economic Council ('Wirtschaftsrat').
- SPD Economic Forum ('Wirtschaftsforum').
- Professional Association of Compliance Managers ('Berufsverband der Compliance Manager').
- Wettbewerbszentrale.
- World Lottery Association.

The main topics of our lobbying activities are:

- Gambling regulation.
- Data protection.
- Capital and financial market issues.

STRUCTURES

Our sustainability strategy includes the creation of clear responsibilities for ESG-relevant topics. ZEAL follows a systematic approach and places responsibility at corporate management level, but also at the level of individual departments, each focusing on different aspects. While our Supervisory Board is responsible for the supervision of our ESG strategy, the Management Board is responsible for steering all sustainability-relevant goals and decisions and their follow-up. Based on these fundamental decisions, our directors coordinate and implement the strategic sustainability goals with different areas of focus.

Main persons responsible for our ESG strategy and activities



RISK MANAGEMENT

The early identification of risks ensures our ability to act and our entrepreneurial resilience. Within the Company, risk and opportunity management is a central component of internal business planning and thus influences all possible dimensions of our actions, both on an economic, ecological and social level, as well as in the context of governance and compliance. Our Compliance Officer reports directly to the Management Board, so that the latter is informed at all times about ZEAL's situation and prospects. Within the Management Board, Sebastian Bielski has been responsible for issues relating to ZEAL's risk management since 1 October 2023.

Our management approach includes clear responsibilities, processes and tools that enable us to identify risks at an early stage and address them adequately. For our general risk management, we use the AI-based governance, risk & compliance tool 'Alyne', which we introduced in the Company in 2022. Alyne not only enables us to record risks for the Company as a whole, which are then reviewed in the course of assessments during the year, but we are also starting to roll out our internal control system in Alyne and are planning the same approach for ESG risks.

One advantage of our approach is that we have placed risk management in different areas of the Company and have thus made it more comprehensive.

The software-based risk management supports all employees with their own decisions and enables them to draw on its expertise. This means that the entire Company can act competently with regard to potential and actual risks of all processes and decisions.

In addition, management and the Supervisory Board assess our risk management processes at least once a year so that we can optimally combine our data-based approach with ZEAL's strategic goals.

In 2022, we also started to set up an additional internal control system (ICS) that records financially critical processes, their risks and controls. Both systems, Alyne and ICS, were linked in 2023 in order to make our risk management process even more comprehensive and secure.

CORPORATE GOVERNANCE STANDARDS

The following overview lists the relevant governance and reporting standards which we comply with and details the audit cycles. The scope of the audits is ZEAL Network SE as a group.

Area	Standard
Standards applied for auditing accounts	ISA (International standard on auditing) and the German standards of the Institute of Public Auditors in Germany ('Institut der Wirtschaftsprüfer' – IDW)
Standards applied for auditing non-financial information	ISO27001
Frequency of financial information audits (per year)	Annually with six-monthly reviews
Frequency of non-financial information audits (per year)	Annually
Standards applied for financial reporting	IFRS (International Financial Reporting Standards)
Standards applied for non-financial reporting	Global Reporting Initiative (GRI), ISO27001
Certification of Business Continuity Management System according to international standards	We constantly replicate our data from our primary to a secondary data centre and store backups at an off-site location with an external provider. In the event of a crisis, our employees can work from any location.
Certification of Information Security Management System according to international standards	ISO27001
Controversies related to the reliability and availability of systems and standards	0

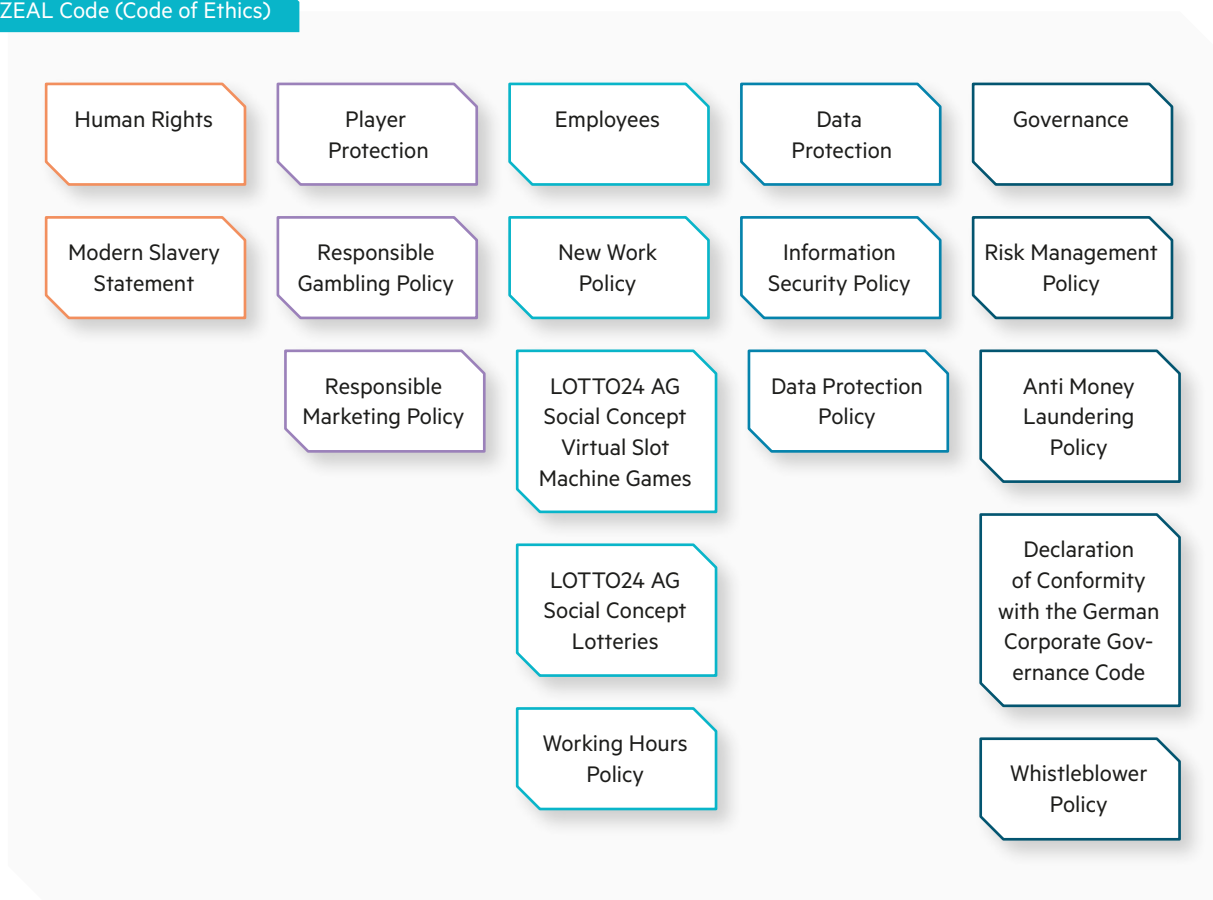
ETHICAL GUIDING PRINCIPLES

The following overview describes the entirety of our guiding principles based on the ZEAL Code, which contains central commitments on all topics, including corruption prevention, financial reporting, environmental and social issues. On this basis, we have further detailed concepts and procedures in the areas of player protection, employees, data protection and governance. We also translate the values and laws of relevance to us, for example through internal guidelines (Group Policies), so that our employees receive both guidance and orientation in their day-to-day work.

For further information in addition to this Sustainability Report, we have prepared summarised descriptions of our guiding principles for the topics listed below. The respective documents in the overview below can be accessed on our corporate website (www.zeal-network.de).

The ZEAL Code, our Guiding Principles, and our internal Group Policies are generally valid throughout the Group, with the exception of our social concepts (Responsible Gambling Policies), which are based at LOTTO24 AG, as we market the majority of our products there.

ZEAL Code (Code of Ethics)



GLOSSARY

AA1000 Stakeholder Engagement Standard (SES)

AccountAbility's AA1000 Stakeholder Engagement Standard (SES) is a universally applicable framework for designing, assessing, implementing and communicating high-quality stakeholder engagement.

German Sustainability Code ('Deutscher Nachhaltigkeitskodex' – DNK)

The German Sustainability Code (DNK) is a cross-industry transparency standard for reporting corporate sustainability performance. To comply with the DNK, user companies provide the database with a declaration on 20 DNK criteria and the supplementary non-financial performance indicators.

German Corporate Governance Code ('Deutscher Corporate Governance Kodex')

The German Corporate Governance Code represents the basic legal regulations for the management and supervision of listed companies in Germany and adopts internationally and nationally recognised standards of good and responsible corporate governance in the form of recommendations.

General Data Protection Regulation (EU GDPR)

The General Data Protection Regulation (EU GDPR) is an EU regulation that sets out rules for handling personal data in a uniform manner. This applies to private and public entities throughout the EU. The aim is to guarantee the protection of personal information within the EU while enabling the free flow of data within the European Single Market.

Diversity

Diversity refers to the conscious handling as well as the acceptance and equality of different people in companies, regardless of, for example, ethnicity, skin colour, age, gender, nationality, religion, ideology or sexual orientation.

Renewable energies

Renewable energies are types of energy that are considered sustainable resources because they are self-renewing and thus cannot be depleted as a resource. Renewable energies include, for example, wind energy, solar energy and hydroelectric power. These are also grouped under the category 'green electricity', while 'grey electricity' refers to electricity from sources of unknown origin and fuels.

ESG

E = Environmental, S = Social, G = Governance. ESG refers to non-financial factors that investors use to check potential investments. They also refer to the sustainability impacts and contributions of a particular company and the associated risks for the company. Companies are increasingly expected to report on ESG factors.

EU Ecodesign Directive

Since 2005, the EU Ecodesign Directive has set a framework for uniform ecological design requirements for products within the EU. It promotes the market for efficient and environmentally friendly products and enables significant savings in energy and resources in the area of appliances and products.

Greenhouse Gas Protocol (GHG Protocol)

The Greenhouse Gas Protocol (GHG Protocol) is currently the most widely used standard for accounting greenhouse gas emissions. Its development is coordinated by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is an international standardisation organisation for sustainability reports. It is internationally accepted and represents the de facto standard for sustainability reports worldwide. The GRI originates from a 1997 initiative by CERES, a US investor initiative, and the Finance Initiative of the United Nations Environment Programme.

GERMAN STATE TREATY ON GAMES OF CHANCE

In Germany, the online offering of lotteries is regulated by the State Treaty on Games of Chance ('Glücksspielstaatsvertrag' – GlüStV). The current GlüStV has been in force since 1 July 2021, has an indefinite term and can be terminated by individual federal states on 31 December 2028 at the earliest. It contains regulations that apply to all forms of gaming and are also relevant for commercial gaming brokerage.

INTERNATIONAL LABOUR ORGANIZATION (ILO)

The International Labour Organisation is the oldest specialised agency of the United Nations. It was founded in 1919 with the aim of defining globally valid labour and social standards.

NACE (FRENCH: NOMENCLATURE STATISTIQUE DES ACTIVITÉS ÉCONOMIQUES DANS LA COMMUNAUTÉ EUROPÉENNE)

NACE is a system for classifying economic activities and was designed by the European Union on the basis of the International Standard Industrial Classification of all Economic Activities (ISIC) of the United Nations.

OKR (OBJECTIVES AND KEY RESULTS)-FRAMEWORK

The Objectives and Key Results (OKR) framework links the tasks of teams and employees with the company's strategies, plans and visions. Objectives are divided into qualitative objectives and quantitative key results.

IDW PS 980

IDW PS 980 is a standard set by the Institute of Public Auditors in Germany ('Institut der Wirtschaftsprüfer in Deutschland' – IDW). It determines the effectiveness of compliance management systems. It is applicable to the audit of a company's compliance management system regardless of the respective sector.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The United Nations Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals for sustainable development. They were published under the title 'Transforming our world: The 2030 Agenda for Sustainable Development (for short: Agenda 2030)'. Its call for companies to participate comes primarily from the international community of states, in Europe primarily from the EU member states and the EU Commission, from individual initiatives such as the UN Global Compact, the Global Reporting Initiative and the World Business Council for Sustainable Development, but also from investor groups, and is reflected in legal requirements and corresponding standards.

MATERIALITY ANALYSIS

A materiality analysis is a process to identify the most important (material) economic, environmental and social issues and challenges of a company. Basically, it has several functions: it helps to identify the relevant stakeholders and thus the addressees of sustainability reporting and it enables the prioritisation of areas of responsibility and fields of action, thus reducing complexity. It also helps in the selection of suitable strategic goals, policies, certifications, indicators or reporting priorities.

GRI Reporting Framework

Disclosure Table

GRI indicator		Location/reference in report
GRI 2:	General disclosures	
2-1 a	Legal name of the organisation	About this Sustainability Report
2-1 b	Legal form of the organisation	About this Sustainability Report
2-1 c	Headquarters of the organisation	Hamburg/Germany
2-1 d	Countries of operation of the organisation	About this Sustainability Report
2-2 a	All entities of the organisation that are considered in the Sustainability Report	About this Sustainability Report
2-2 b	If the organisation has audited consolidated financial statements or financial information filed on public record, the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting must be specified	No differences About this Sustainability Report
2-3 a	Reporting period and frequency of sustainability reporting	About this Sustainability Report
2-3 b	Reporting period for financial reporting	11.2023-31.12.2023
2-3 c	Publication date of the report or reported information	20 March 2024
2-3 d	Contact point for questions about the report or the reported information	About this Sustainability Report
2-6 a	Sector(s) in which the company is active	About ZEAL; Our integrated business model
2-6 b	Value chain of the company	Description of our value chain
2-7	Employees	Employees
2-9	Governance structure and composition	Corporate Governance Statement
2-11	Chair of the highest governance body	Peter Steiner (Chairman of the Supervisory Board) Corporate Governance Statement
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Statement; Evaluation; Compliance management
2-15	Conflicts of interests	There were no known conflicts of interest in the reporting period Corporate Governance Statement; Combating money laundering and corruption
2-16	Communication of critical concerns to the highest governance body	Compliance management
2-26	Mechanisms for seeking advice and raising concerns	Combating money laundering and corruption
2-27	Compliance with laws and regulations	There were no violations of laws or regulatory requirements in connection with gaming at ZEAL in 2023 Governance
2-28	Membership in associations or advocacy organisations	Lobbying and association memberships
2-29	Approach to stakeholder engagement	Stakeholder mapping and material topics
GRI 3:	Material topics	
3-1	Process to determine material topics	Stakeholder mapping and material topics
3-2	List of material topics	Stakeholder mapping and material topics
3-3	Management of material topics	Stakeholder mapping and material topics

GRI indicator	Location/reference in report
GRI 201: Economic performance	
201-1 Direct economic value generated and distributed	Group Management Report
GRI 205: Anti-corruption	
205-2 Communication and training about anti-corruption policies and procedures	Combating money laundering and corruption
205-3 Confirmed incidents of corruption and actions taken	There were no known cases of corruption at ZEAL in 2023 Combating money laundering and corruption
GRI 206: Anti-competitive behaviour	
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There were no legal proceedings relating to anti-competitive behaviour at ZEAL in 2023 Fair competition
GRI 207: Tax	
207-1 Approach to tax	Group Management Report
207-2 Tax governance, control, and risk management	Risk management
GRI 301: Materials	
301-3 Reclaimed products and their packaging materials	Reuse: IT hardware
GRI 302: Energy	
302-1 Energy consumption within the organisation	Our electricity consumption
302-3 Energy intensity	Our electricity consumption
302-4 Reduction of energy consumption	Our electricity consumption
302-5 Reductions in energy requirements of products and services	Our electricity consumption/ Digital technologies and innovation
GRI 303: Water and effluents	
303-1 Interactions with water as a shared resource	Our water consumption
303-5 Water consumption	Our water consumption
GRI 304: Biodiversity	
304-2 Significant impacts of activities, products and services on biodiversity	Environment
304-3 Habitats protected or restored	Our goal: reducing and offsetting emissions
GRI 305: Emissions	
305-1 Direct (Scope 1) GHG emissions	Our CO ₂ emissions
305-2 Energy indirect (Scope 2) GHG emissions	Our CO ₂ emissions
305-3 Other indirect (Scope 3) GHG emissions	Our CO ₂ emissions (measurement in progress)
305-4 GHG emissions intensity	Our CO ₂ emissions
305-5 Reduction of GHG emissions	Our goal: reducing and offsetting emissions

GRI indicator	Location/reference in report
GRI 306: Waste	
306-1 Waste generation and significant waste-related impacts	Reduce: office waste
306-2 Management of significant waste-related impacts	Reduce: office waste
306-3 Waste generated	Reduce: office waste
GRI 401: Employment	
401-1 New employee hires and employee turnover	Employees; employee satisfaction and turnover; recruiting and retaining talent
401-3 Parental leave	More flexible working hours and working models
GRI 403: Occupational health and safety	
403-1 Occupational health and safety management system	Occupational health and safety
403-2 Hazard identification, risk assessment and incident investigation	Occupational health and safety
403-3 Occupational health services	Occupational health and safety
403-5 Worker training on occupational health and safety	Occupational health and safety
403-6 Promotion of worker health	Occupational health and safety
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety
403-8 Workers covered by an occupational health and safety management system	Occupational health and safety
403-9 Work-related injuries	Occupational health and safety
403-10 Work-related ill health	Occupational health and safety
GRI 404: Training and education	
404-2 Programs for upgrading employee skills and transition assistance programs	Training employees and promoting their development
GRI 405: Diversity and equal opportunities	
405-1 Diversity of governance bodies and employees	Diversity
GRI 406: Non-discrimination	
406-1 Incidents of discrimination and corrective actions taken	There were no controversies relating to discrimination at ZEAL in 2023. Diversity
GRI 407: Freedom of association and collective bargaining	
Freedom of association and collective bargaining	
GRI 408: Child labour	
Monitoring and guiding principles	
GRI 409: Forced or compulsory labour	
Monitoring and guiding principles	
GRI 414: Supplier social assessment	
414-1 New suppliers that were screened using social criteria	Our central code of conduct: the ZEAL Code

GRI indicator		Location/reference in report
GRI 415: Public policy		Lobbying and association memberships
GRI 416: Customer health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	Responsible gambling
416-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	There were no incidents of non-compliance concerning the health and safety impacts of products and services at ZEAL in 2023. Responsible gambling
GRI 417: Marketing and labelling		
417-1	Requirements for product and service information and labelling	Reuse: IT hardware; Responsible marketing
417-2	Incidents of non-compliance concerning product and service information and labelling	There were no incidents of non-compliance concerning ZEAL's product and service information nor the labelling of the Company's products and services in 2023. Responsible marketing
417-3	Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance, proceedings or controversies concerning unethical or unlawful marketing in 2023. Responsible marketing
GRI 418: Customer privacy		Data protection and data security

GROUP MANAGEMENT REPORT

ZEAL Network SE, Hamburg, Germany (hereinafter also referred to as 'ZEAL' or 'the Company'), is the parent of an e-commerce group of companies that create online lottery experiences for its customers. Founded in Germany in 1999, ZEAL was initially set up as a lottery broker. In 2005, Tipp24 AG (as it was then called) was floated on the Frankfurt stock exchange.

In 2009, the Group changed its focus from lottery brokerage to lottery betting and later moved its registered office to London in 2014.

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 provider¹ of 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 'Die Deutsche Traumhauslotterie' was added in January 2022.

As of June 2023, ZEAL also offers virtual slot machine games ('games') on the portals of LOTTO24 AG (LOTTO24, Tipp24).

¹ Based on billings of LOTTO24 AG compared to total market stakes according to information of DLTB and the state lottery companies from the following sources:

- DLTB reports on 4 January 2024, 4 January 2023, 5 January 2022 and 5 January 2021 regarding the years 2020 to 2023 on the website <https://www.lottoindeutschland.de>.
- Report of 'Staatliche Toto-Lotto GmbH Baden-Württemberg' on 9 January 2024 regarding the year 2023 on the website <https://www.lotto-bw.de>.
- Reports of 'LAND BRANDENBURG LOTTO GmbH' on 15 February 2024 and 5 January 2023 regarding the years 2022 and 2023 on the website <https://www.isa-guide.de/isa-gaming/articles>.
- Report of 'Toto-Lotto Niedersachsen GmbH' on 10 January 2024 regarding the year 2023 on the website <https://www.lotto-niedersachsen.de>.
- Report of 'Lotto Rheinland-Pfalz GmbH' on 9 January 2024 regarding the year 2023 on the website <https://www.lotto-rlp.de>.
- Report of 'NordwestLotto Schleswig-Holstein GmbH & Co. KG' on 4 January 2024 regarding the year 2023 on the website <https://www.lotto-sh.de>.
- Report of 'Verwaltungsgesellschaft Lotto und Toto in Mecklenburg-Vorpommern mbH' on 4 January 2024 regarding the year 2023 on the website <https://www.lottomv.de>.
- Report of 'LOTTO Hamburg GmbH' on 4 January 2024 regarding the year 2023 on the website <https://www.lotto-hh.de>.
- Report of 'WESTDEUTSCHE LOTTERIE GMBH & CO. OHG' on 16 January 2023 regarding the year 2022 on the website <https://www.westlotto.de>.
- Report of 'Lotto-Toto GmbH Sachsen-Anhalt' on 9 January 2023 regarding the year 2022 on the website <https://www.lottosachsenanhalt.de>.
- Annual report of 'Thüringer Staatslotterie' 2022 on the website <https://www.lotto-thueringen.de>.

Basic principles of the Company

BUSINESS MODEL

ORGANISATIONAL STRUCTURE

ZEAL Network SE is a Societas Europaea (SE) with its registered office in Hamburg, Germany. ZEAL has two reporting segments: Germany and Other.

GERMANY SEGMENT

The Germany segment comprises the Group's domestic business activities: the online brokerage of lotteries, the running of charity lotteries and the operation of games. 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 having to assume ourselves the book-making risk for the products of the German Association of State Lottery Companies ('Deutscher Lotto- und Totoblock' – DLTB). Amongst other things, we offer our customers the possibility to participate in the lottery products 'LOTTO 6aus49', 'Spiel 77', 'Super 6', 'Eurojackpot', 'GlücksSpirale', 'Keno', lottery 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.
- 'Die Deutsche Traumhauslotterie', launched in January 2022.

As of June 2023, we also offer games on our portals (LOTTO24, Tipp24).

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

OTHER SEGMENT

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 start-ups under ZEAL Ventures.

Risk-based portfolio approach with start-up investments

ZEAL Ventures pursues new lottery-related, start-up investments using a risk-based portfolio approach. Over the years, we have invested in several start-ups, which mainly offer their products in the UK and which we closely monitor and support where necessary, while continuing to pursue additional investment opportunities. Our objective is to learn from these companies, generate profits and integrate exciting business ideas into the ZEAL Group.

As of 31 December 2023, we held stakes in:

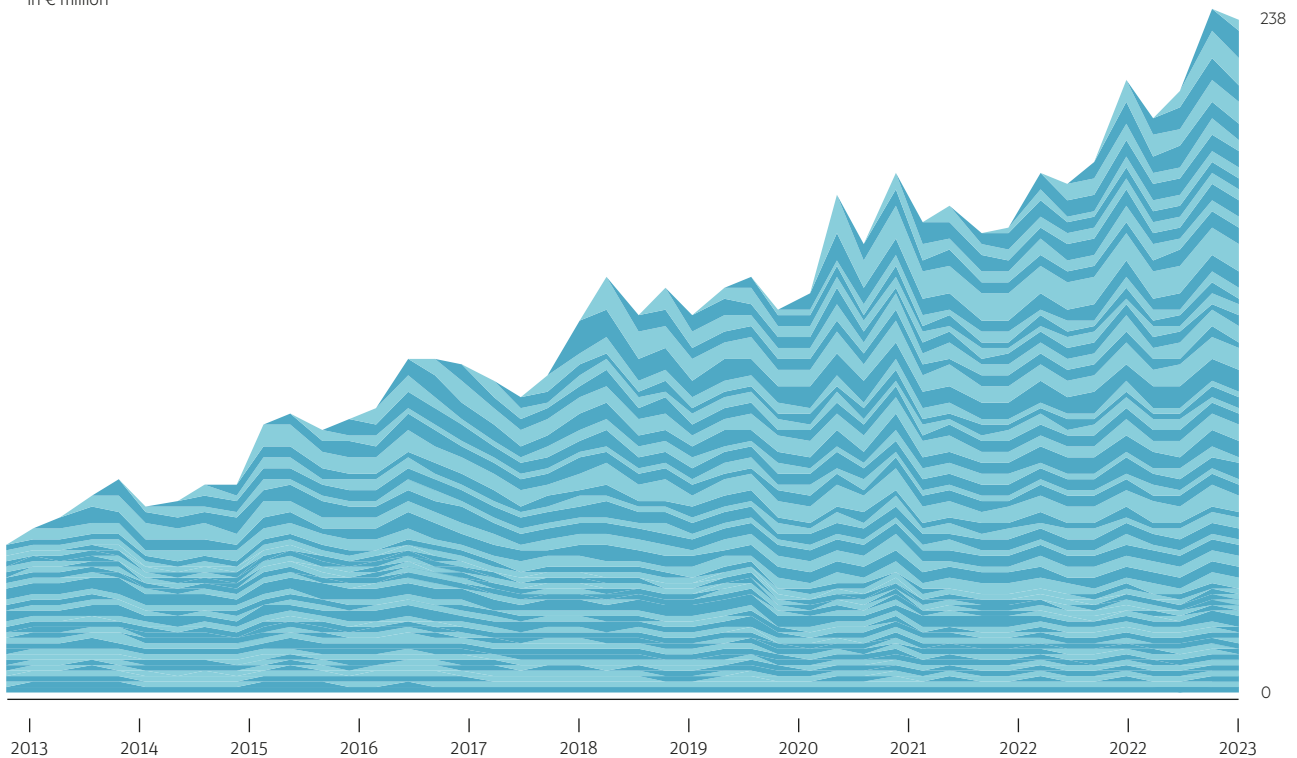
- Omaze, Inc. (1.6%), which offers an online house lottery under the 'Omaze' brand to support charitable causes.
- Pick Media Limited (10.0%), which operates one of the world's largest free-to-play, ad- and survey-financed daily draws under the 'Pick My Postcode' brand.
- SEVENCANYON Limited (3.5%), which holds raffles to win cars and other prizes (consumer electronics, luxury watches, cash).

- Furlong Gaming Limited (26.9%), which operates a prize competition based on horse racing operating under 'The Racehorse Lotto' brand.
- TH Travel Limited (37.6%), which operates a prize competition platform for millennials focusing on travel and local experiences under the 'DAYMADE' brand.
- Circl Gaming Limited (12.6%), which offers a lottery whose results are connected to the progress of football matches.

The development of our portfolio in the fiscal year 2023 was highly promising: two of our start-ups posted their first profits in the last few months, while two others already reached profitability in the previous year. Circl Gaming Ltd. did not meet the expectations we placed in it at the time of our original investment in February 2023. Consequently, we completely wrote off the investment in the fiscal year 2023.

Billings per customer generation (LOTTO24 and TIPP24, quarterly)

in € million



STRATEGY

ZEAL's strategic targets are:

- Continue to scale our business model in Germany and further expand our strong market position.
- Establish new lotteries and games.
- Continue to develop our Spanish business via customer growth and an expanded partnership portfolio.
- Identify gaming and lottery innovations in order to gain relevant market knowledge and test new product ideas, thus enabling us to tap further target groups, and in future to profit from the sale of investments.

To achieve this, we pool our expertise in the areas of lottery, regulation, customer intelligence and e-commerce excellence. Our core competencies and capacities, such as Marketing, Product Development, Technology, Data Security, Design, Regulation, Compliance, Data Analytics, Customer & Market Research and Customer Service are organised in such a way that they work together seamlessly.

NEW CUSTOMER MARKETING

Compared to the previous year, we ramped up the intensity of our advertising efforts in 2023. Instead of primarily directing existing demand towards our services as in previous years, we are now working increasingly along the entire marketing funnel, in other words with a stronger focus on brand awareness and brand consideration. Since the end of 2022, for example, we have raised supported brand awareness in the strategically important non-customer segment from 34% to 38%¹, which generally also leads to increased customer acquisition after a certain delay. Following a successful first campaign run in 2022, we activated the second phase in summer and autumn 2023. Its aim is to draw even greater attention to the LOTTO24 brand with increased media pressure in order to stimulate online usage.

¹ Source: Brand awareness survey conducted in October-December 2023 (and October-December 2022) with 3.6 thousand respondents. Only responses from 'non-customer' lottery players (lottery players who say they do not use the LOTTO24 platform) were considered.

In addition to channels such as search engine advertising (SEA) or social media marketing, our conversion-oriented marketing mix also includes customer acquisition via partners, banners, text-based ads, content ads and special advertising formats. Following the opening of the Google Play Store for lottery apps, we increased new customer acquisition via apps and developed this channel into an important source of new customer growth. In our overall marketing mix, we ensure a high level of efficiency (the ratio of cost per lead to projected resulting income over time) and a steady increase in advertising pressure in order to maintain high growth rates as business volumes continue to rise.

Mobile usage

Over the last ten years, the relationship between desktop and mobile usage has reversed. Mobile is the key growth area: we acquire the vast majority of our new customers via mobile devices. Our product and marketing design is primarily focussed on providing an excellent mobile experience, as users often play our lotteries on the move or from the comfort of their sofa. In the competitive environment, there is also a clear picture of our strong position: no other lottery app has as many favourable ratings from its users.

DATA SCIENCE

Data-based optimizing of the customer experience

'Data is the new oil.' We systematically use behavioural and transaction data to improve the relevance of our offerings for all customers. Be it the targeted offer of an individual's favourite product, the frequency of email notifications, loyalty offers at the right moment, discounts, trial offers for alternative products and much more – our algorithms are almost always used to automatically trigger the right action at the right moment. We can measure the success of all products and campaigns almost in real time and even make optimisations immediately if necessary. The efficiency or contribution of each individual measure can be ranked – also with the aid of predictive models about future customer behaviour – thus enabling us to make accurate decisions. Over the last two years in particular, we have been able to make major improvements and optimisations using replicable data-based, transparent and fast testing processes. As a result, we have significantly increased key metrics such as cohort activity after registration, the subscription ticket ratio of new cohorts, and customer lifetime values (total expected net profit during the entire business relationship).

All data is administered and used in accordance with data protection regulations and exclusively for the improvement of our own products and services – and of course in compliance with German and international data protection standards (for example GDPR or ISO 27001).

PRODUCT DEVELOPMENT

Modern lotteries, modern purchase experience

Playing the lottery is a timeless pleasure which brings great joy to millions of people. However, the zeitgeist is constantly changing – for example, the standards we have come to expect from digital services and apps – and customer expectations regarding the quality of our online offerings are thus also rising.

We are continuously optimising and expanding our offerings, whether through a broader product range, an ever better and more modern e-commerce experience or new types of lottery offerings. For example, we enable our players to set up a private lottery club to play together with their friends and family ('Play with Friends'). We also regularly renew our range of lottery clubs: following the first environmental lottery club, 'Das Grüne Glück', in which one tree is planted for every ticket purchased, we launched our second environmental lottery club, 'Der Blaue Schatz', in September 2023, which supports the collection of plastic bottles from the sea and thus helps to make our oceans cleaner. We are also constantly reviewing whether other products should be added to the LOTTO24 portfolio.

In addition, we are continuously improving the customer experience along the entire registration, product selection and payment process in order to reduce the number of steps needed.

We achieved an important milestone in 2023: the launch of our games offering under the LOTTO24 brand. This offering comprises various games developed in-house and licensed from our partners. Following the launch of an initial small test portfolio, we steadily expanded our range of games over the course of the year and by 31 December 2023 were offering 46 games. The licence to operate games and the games portfolio are subject to the provisions of the State Treaty on Games of Chance 2021 (GlüStV), in particular the specific requirements of sections 4d-8b and 22a GlüStV.

EXISTING CUSTOMER MARKETING AND CUSTOMER SUPPORT

Existing customer marketing

Lotto thrives on long-term customer loyalty. This is why addressing our customers in a measured, targeted and relevant manner is one of our most important core competences. Within the framework of our data models, we optimise content, message and the channel to achieve the most targeted and relevant communication possible for each individual player. Channels such as mail, on-site notifications, app or browser push notifications are all employed. Increasingly, personalised decisions are being used to address customers, often supported by automation and machine learning.

Customer support

Every year, LOTTO24 and Tipp24 reach a customer satisfaction score of over 80%¹. To achieve this, we offer as wide a range of services as possible in order to provide assistance whenever it may be needed. 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. Well over 50% of the relevant service requests are already dealt with via our self-service offer. This is a particularly fast channel for customers and a convenient channel for us for generally simple, recurring enquiries. As the volume of enquiries fluctuates greatly and is driven, for example, by large jackpots, special campaigns or regulatory changes, we have outsourced some of our support to experienced external partners whose staff often work exclusively for us and whose capacity is scalable. In this way, we achieve a balanced mix of good service levels, short waiting times and low service costs. One special feature is the support we provide for major prize winners. It is always important to us to carefully prepare the lucky winners for their new reality by holding personal discussions with them. Due to the exceptional number of big wins in 2023, this team had an unusually busy year. Every big win is always a very special moment for us too.

¹ Source: Own customer satisfaction surveys in November 2023 and November 2022

OWN PLATFORM TECHNOLOGY

E-commerce platforms

Our platform is capable of withstanding high transaction volumes with significant peak loads, while at the same time being easy to develop and operate. We have geared the platform towards providing better and more flexible support for different business models. As a customer-centric technology company, our development teams are therefore a particularly 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.

In 2023, we made major strides in the field of data warehousing and implemented a more consistent separation between customer-centric front-end teams and the more centralised back-end teams, both organisationally and within the software architecture. The loading speed of our web pages has been further improved – something which search engines also recognise as an important signal and which generally results in improved search rankings.

MANAGEMENT SYSTEM

We have introduced new indicators in order to steer and explain the development of our games business. We have also adjusted our existing key performance indicators (KPIs) to ensure the relevance and comparability of the respective figures for our lottery and games businesses.

KEY FINANCIAL PERFORMANCE INDICATORS

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

- **Billings from lotteries:** amounts used by customers to participate in the lotteries we offer. In addition to the payments received from customers, this figure also includes stakes from winnings. Billings are influenced by the scope and attractiveness of our product portfolio, the efficiency of our customer retention measures and the amount of (mainly smaller) winnings which our customers use as stakes.
- **Billings from games:** amounts used by customers to play the games we offer. In addition to the payments received from customers, this figure also includes stakes from winnings.

Billings are influenced by the scope and attractiveness of our games portfolio, the efficiency of our customer retention measures and the amount of winnings which our customers use as stakes.

- **Revenue:**
 - Commission from the state lottery companies and other operators for the stakes brokered by us and processing fees for gaming orders placed by our customers.
 - Additional/service fees that we charge for brokered gaming orders.
 - Stakes for games after deduction of virtual slots tax and distributed winnings.
 - Fees for the running of charity lotteries.
 - Fees for other services.
- **EBITDA:** earnings before the financial result, interest, taxes, depreciation and amortisation. It represents the Group's operating earnings over a specified period.

These key financial performance indicators developed as follows in the reporting period:

Financial KPIs	2023	2022	Change in %
in € thousand			
Billings	884,957	758,425	17%
thereof from lotteries	843,310	758,425	11%
thereof from games	41,647	-	
Revenue	116,050	105,201	10%
thereof from lotteries	105,652	98,221	8%
thereof from games	3,040	-	
EBITDA	32,905	31,659	4%

Billings from lotteries grew by 11% in 2023 (€84,885 thousand). This increase was driven by the growth of our customer base and the successful exploitation of high jackpot phases, especially the 'Eurojackpot' in June and 'LOTTO 6aus49' in September, as well as both lotteries in late December. This led to a rise in revenue from lotteries rose of 8% (€7,431 thousand). The slightly below-average revenue growth relative to the growth in billings is mainly due to two major winnings totalling €2.3 million of our charity lottery 'freiheit+' (2022: nil). Our new games offering launched in June 2023 made a revenue contribution of €3,040 thousand, resulting in year-on-year revenue growth of 10% (€10,849 thousand). At the same time, we succeeded in raising EBITDA by 4% (€1,246 thousand).

OTHER FINANCIAL PERFORMANCE INDICATORS

We also report the following other financial performance indicators:

- **Customer payments for lotteries:** payments received from customers and credited to their customer account with us in order to participate in the lotteries we offer. Customer payments are influenced by the scope and attractiveness of our product portfolio as well as by the efficiency of our customer retention measures.
- **Customer payments for games:** payments received from customers and credited to their customer account with us in order to play the games we offer. Customer payments are influenced by the scope and attractiveness of our games portfolio as well as by the efficiency of our customer retention measures.
- **Lottery gross margin:** ratio of lottery revenue (excluding inter-company cost allocation) plus reimbursements from insurance to compensate for jackpot winnings to lottery billings.

- **Games gross margin:** ratio of games revenue to games billings.
- **Customer payments margin for lotteries:** ratio of lottery revenue (excluding intercompany cost allocation) plus reimbursements from insurance to compensate for jackpot winnings to customer payments received for lotteries.
- **Customer payments margin for games:** ratio of games revenue to customer payments received for games.
- **CPL (cost per lead):** acquisition costs per new registered customer 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). These acquisition costs do not include costs for marketing exploration measures, customer relationship management (CRM), customer service etc.
- **ABPU/APPU/ARPU (average billings/pay-in/revenue per user per month):** key figure for average billings/average customer payments/average revenue per customer, in other words the average net billings (billings net of discounts and redeemed vouchers)/average customer payments/average revenue received from each active customer in a given month. It is calculated by dividing monthly net billings/customer payments/monthly net revenue by average active users per month. It measures our ability to strengthen customer loyalty and raise the value of our customers.

These other financial performance indicators developed as follows in the reporting period:

Other financial KPIs	2023	2022	Change in %
Customer payments for lotteries (€ thousand)	671,820	601,740	12%
Customer payments margin, lotteries (%)	15.7	16.3	-0.6pp
Gross margin, lotteries (%)	12.5	12.9	-0.4pp
ABPU (€), lotteries	61.34	59.09	4%
APPU (€), lotteries	48.85	46.86	4%
ARPU (€), lotteries	7.68	7.65	0%
Customer payments for games (€ thousand)	8,544	-	
Customer payments margin, games (%)	35.6	-	
Gross margin, games (%)	7.3	-	
ABPU (€), games	353.74	-	
APPU (€), games	72.57	-	
ARPU (€), games	25.82	-	
CPL (€), Germany segment	45.52	35.97	27%

Since the launch of our new games offering at the end of June 2023, we have received related customer payments of €8,544 thousand, resulting in billings of €41,647 thousand and revenue of €3,040 thousand. The customer payments margin for games was thus 35.6% while our games gross margin was 7.3%. The significantly higher customer payments margin for games of 35.6% compared to the customer payments margin for lotteries (15.7%) and the lower games gross margin of 7.3% compared to the lottery gross margin (12.5%) resulted from the different characteristics of our virtual slot machine games offered so far compared to lottery products. Our virtual slot machine games have an average return-to-player of 88%: in other words around 88% of all stakes are paid out to players in the form of winnings. Players often use these winnings to play more games. By contrast, the return-to-player for the most

popular lotteries 'LOTTO 6aus49' and 'Eurojackpot' is only 50% with players mainly using all or part of their winnings in the lower prize categories to buy further lottery tickets. This results in a billings to customer payments ratio of 487% for our games, which is significantly higher than the billings to customer payments ratio of 126% for our lotteries. Consequently, a significantly larger share of customer payments (35.6%) remains with us as revenue, whereas in the case of our lottery business only 15.7% of customer payments remain with us as revenue. The games business therefore has the potential to significantly increase our profitability in the long term.

We achieved an average ARPU of €25.82 from customers who played our games – significantly higher than the ARPU of €7.68 for our lottery customers.

The decline in the gross margin from lotteries of 0.4 percentage points was mainly due to two major winnings totalling €2.3 million for our charity lottery 'freiheit+' (2022: nil). Including the two major winnings, our gross margin from lotteries was 12.5% (2022: 12.9%).

In €	Q1	Q2	Q3	Q4	Year in total
2023	36.77	50.83	50.39	37.11	45.52
2022	38.09	37.07	34.76	34.86	35.97

In the second quarter of 2023, there was a temporary increase in competitive pressure in a high jackpot environment, which led to an increase in CPLs in digital customer acquisition channels, especially for search engine advertising. This increased competitive pressure returned to normal over the course of the following quarters. In the third quarter of 2023, we ran a major advertising campaign for our most important brand LOTTO24. This campaign featured increased TV advertising in particular, as well as an out-of-home ad campaign and accompanying measures on digital channels such as YouTube. This campaign already led to an increase in brand awareness of LOTTO24 in the third quarter of 2023 and also made a positive contribution in the fourth quarter with an increased share of new registered customers via our 'organic' marketing channels, resulting in significantly lower CPL in the fourth quarter of 2023.

KEY NON-FINANCIAL PERFORMANCE INDICATORS

In addition to our key financial performance indicators and other financial performance indicators, we also use certain non-financial KPIs to help steer the business. These include:

- **Number of new registered customers:** customers who have successfully completed the registration process on our apps and websites. This number is disclosed after adjustment for duplicate registrations and de-registrations.
- **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.

Without these two major winnings, the gross margin from lotteries would have been 12.8% in 2023, and thus almost on a par with the previous year.

The increase in CPL to €45.52 for 2023 (2022: €35.97) was primarily attributable to higher CPLs in the second and third quarters of 2023, as the following table shows:

- **Online market share:** we want to grow faster than our competitors. Our market share of the online lottery segment in particular indicates the extent to which we are achieving this aim. It takes into account DLTB's online stakes as well as payments made by our customers for our own products (charity lotteries and games) instead of for DLTB products brokered by us.
- **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%¹ of stakes are donated to good causes. In the case of charity lotteries, like 'Deutsche Fernsehlotterie', 'freiheit+' and 'Die Deutsche Traumhauslotterie', at least 47% of stakes are made available for good causes in the form of taxes and levies.

¹ Source: DLTB announcement on 4 January 2024 on the website <https://www.lottoindeutschland.de/presse#2024>.

Non-financial performance indicators developed as follows in the reporting period:

Non-financial KPIs	2023	2022	Veränderung in %
Number of new registered customers (thousand), Germany segment	597	703	-15%
MAU (thousand), lotteries	1,146	1,070	7%
MAU (thousand), games	17	-	
Online market share ¹ (%)	41.4	40.5	0.9pp
Customer satisfaction ²			
– LOTTO24 (%)	82	82	
– Tipp24 (%)	84	85	-1pp
Contributions to good causes ³ (€ million)	319	286	12%

¹ Source: Own estimate based on figures of the German Association of State Lottery Companies (DLTB) 2023. The calculation of our market share also includes payments made by our customers for our own products (charity lotteries and games) instead of for DLTB products brokered by us.

² Source: Customer satisfaction survey in November 2023 and November 2022

³ Incl. DLTB, 'Deutsche Fernsehlotterie' and 'freiheit+'.

In 2023, we were able to increase the average number of active customers per month by 7% from 1,070 thousand in the previous year to 1,146 thousand, while maintaining our very high level of customer satisfaction. This also represents an increase in our online market share from 40.5% in the previous year to 41.4%¹ in 2023.

Our intensified brand marketing activities also had a positive impact on brand awareness: in 2023, aided brand awareness in the strategically important non-customer segment rose from 34% to 38%².

In total, our brokerage activities under the LOTTO24 and Tipp24 brands provided €319 million of support for important social and community projects in 2023 (2022: €286 million).³

¹ Source: Own estimate, based on figures of the German Association of State Lottery Companies (DLTB) 2023. The calculation of our market share also includes payments made by our customers for our own products (charity lotteries and games) instead of for DLTB products brokered by us.

² Source: Brand awareness survey conducted in September–November 2023 (and September–December 2022 among 1.3 thousand respondents) among 3.6 thousand respondents. Only responses from 'non-customer' lottery players (lottery players who say they do not use the LOTTO24 platform) were considered.

³ Incl. DLTB, 'Deutsche Fernsehlotterie' and 'freiheit+'.

RESEARCH & DEVELOPMENT

In the course of 2023, we supported our long-term business strategy by investing in many foundational areas, such as Data, APIs¹ and the general improvement of our software architecture. Our continued focus on enabling our businesses to provide exceptional customer experiences from point of first contact all the way across the user journey involving every interaction and communication touchpoint we have with our customers.

We spent a part of the year not only focused on which goals we want to accomplish, but also how to achieve them. In 2023, we put a large focus on the reorganisation of our technology departments in order to maximise synergies and overall ownership and thus optimise success. We expect that the successful impact of these technology organisational changes will be recognised in the coming years as we continue to grow and enable business success.

The opportunity for us to continue to learn more about our customers and engage with them in increasingly better ways provides a great deal of motivation. As in previous years, we made further investments in data systems, tools and processes. Legacy data systems have been retired and we now run on data sub-systems that provide advanced features and a strong ability to scale for future anticipated growth.

In the coming years, we expect to continue our investments in Data, APIs¹ and the overall agility of our platform to support the ambitions of our businesses.

¹ API: application programming interface.

In the field of product development, the main focus in 2023 was on the implementation and optimisation of the new 'online games' product category within the existing e-commerce solution. This included both the detailed implementation of compliance requirements and the seamless integration of the category into the customer experience. Furthermore, we improved our charity lottery product 'freiheit+'. We made changes to the winning plan, optimised subscriptions and improved the integration into the user flows.

In addition, we significantly improved the user experience of our customers with numerous measures. The registration process for new customers was greatly simplified, resulting in better conversion rates and higher customer retention. The introduction of ApplePay, improvements in the administration of subscription tickets and the enhancement of the winning process also benefited existing customers. The main improvement with regard to the customer experience was the roll-out of customisable gaming groups ('Play with Friends'). By highlighting the shared experience of playing together, we want to foster a sense of community and among our customers and encourage them to get their friends to join them on our platforms, thus creating additional customer acquisition.

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

The Corporate Governance Statement pursuant to sections 315d and 289f HGB is available to the public on ZEAL's corporate website at zealnetwork.de. Pursuant to section 317 (2) sentence 6 HGB, the auditor's review of the disclosures pursuant to sections 315d and 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 ('Glücksspielstaatsvertrag' – GlüStV). The current GlüStV came into force on 1 July 2021. It enables the ZEAL Group – as in the previous years – to broker state-licensed lottery products via the Internet. Our subsidiary LOTTO24 AG holds the corresponding licence. 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 (on 31 December 2023 and 31 December 2026). At the time of

preparing the Group management report, the interim report as at 31 December 2023 was not yet available. In contrast to the previous State Treaty, the GlüStV includes new licence models for games, sports betting (online and offline) and online poker, as well as a license model for online casinos. In order to supervise gambling products, the German federal states have set up a new national institution under public law: the 'Gemeinsame Glücksspielbehörde der Länder' – GGL), based in Halle (Saxony-Anhalt). All powers of the various federal state authorities have been gradually transferred to the GGL and it has been responsible for central market regulation since 1 January 2023.

LICENCES TO BROKER AND OPERATE GAMES OF CHANCE

On 23 May 2022, LOTTO24 AG again received an extension licence to broker lotteries throughout Germany for the period 1 July 2022 to 30 June 2029 and has thus consistently held the necessary licences for lottery brokerage in Germany since 2012 – proving once again its reliability under administrative law, as required since 2012.

LOTTO24 AG has also held a licence for the online brokerage of state-operated instant lotteries (scratch cards) in the federal states of Lower Saxony, Saxony, Hesse and North Rhine-Westphalia since 2018 – thus providing more than 50% of the adult German population with online access to scratch cards.

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

On 3 April 2023, the GGL granted LOTTO24 AG the licence to operate games. LOTTO24 launched its games offering for the German market on 22 June 2023.

ECONOMIC CONDITIONS

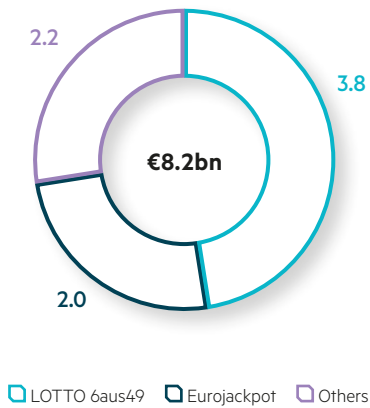
SLIGHT INCREASE IN STAKES IN GERMAN LOTTERY MARKET

According to its own figures¹, stakes received by DLTB rose by 2.9% to €8.2 billion in 2023 (2022: €8.0 billion). With stakes of €3.8 billion, the lottery 'LOTTO 6aus49' remained Germany's most popular lottery with 46% of total stakes (2022: €3.8 billion). The European lottery 'Eurojackpot' raised its stakes in Germany to €2.0 billion (2022: €1.8 billion) and thus remained the second most popular lottery product. Other DLTB products include 'Spiel 77', 'Sofortlotterien', 'Super 6', 'GlücksSpirale', 'Oddset', 'Keno', 'Bingo', 'Toto', 'Plus 5', 'Sieger Chance' and 'Deutsche Sportlotterie'.

¹ Source: DLTB announcement on 4 January 2024 on the website <https://www.lottoindeutschland.de/presse#2024>.

Stakes of DLTB 2023¹

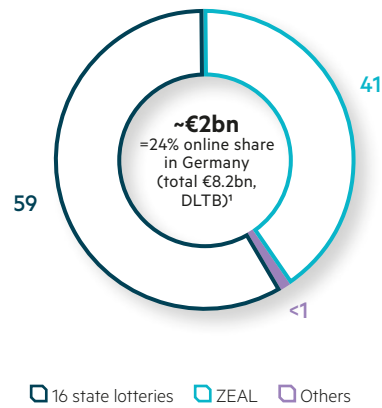
in € billion



¹ Source: DLTB announcement on 4 January 2024 on the website <https://www.lottoindeutschland.de/presse#2024>.

Share of online market 2023

in %



¹ Source: Own estimates, based on figures of the German Association of State Lottery Companies (DLTB) 2023 (from the DLTB announcement on 4 January 2024 on the website <https://www.lottoindeutschland.de/presse#2024>). The calculation of our market share also includes payments made by our customers for our own products (charity lotteries and games) instead of for DLTB products brokered by us.

LOTTO24 AND TIPP24 STILL HOLD STRONG MARKET POSITIONS

According to DLTB figures¹, online revenue of state lottery companies and licensed private brokers has been steadily rising: starting at €35 million in 2012, revenue reached €1.7 billion in 2022 and rose further to around €2.0 billion² in 2023. This corresponds to an online share of total German lottery stakes of around 24% in 2023 (2022: 23%). Our LOTTO24 and Tipp24 brands expanded their share of this amount to around 41.4% (2022: 40.5%).

¹ Source: DLTB figures for the years 2020 to 2023 according to reports on 4 January 2024, 4 January 2023, 5 January 2022 and 5 January 2021 on the website <https://www.lottoindeutschland.de/presse#2024>.

² Source: Own estimates, based on DLTB figures for 2023 (from the DLTB announcement on 4 January 2024 on the website <https://www.lottoindeutschland.de/presse#2024>). The calculation of our market share also includes payments made by our customers for our own products (charity lotteries and games) instead of for DLTB products brokered by us.

HUGE POTENTIAL OF ONLINE SEGMENT

Around 70.1 million adults live in Germany¹, of whom 26.7 million play the lottery occasionally or regularly². This corresponds to almost 38% of all adult inhabitants in Germany. Based on the online share of 24% mentioned above, we assume that more than 20 million people in Germany play at kiosks, supermarkets or petrol stations (offline lottery players). According to our latest survey of more than 10,000 lottery players in 2023, however, a third of the offline lottery players surveyed can imagine playing the lottery online in future. This would represent around seven million

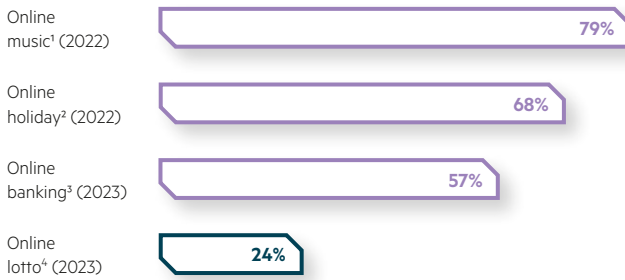
potential new online lottery players. Based on the total volume of the German lottery market (DLTB products plus class and charity lotteries) of around €10.0 billion³ (of which around €8 billion offline), this corresponds to potential total online lottery revenue of around €4.7 billion (€2.7 billion more than the current online lottery market volume of €2.0 billion).

It is also interesting to note that the willingness to play the lottery online is significantly higher among potential new lottery players than among offline lottery players. While a third of the offline lottery players surveyed could imagine playing the lottery online in the future, the proportion among potential new lottery players is 80%.

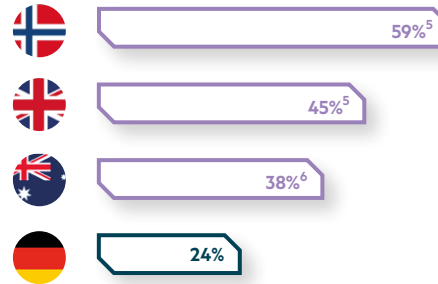
¹ Source: Statistisches Bundesamt © Statista 2024, 'Bevölkerung - Zahl der Einwohner in Deutschland nach relevanten Altersgruppen am 31. Dezember 2022 (in Millionen)'.
² Source: IfD Allensbach © Statista 2023, 'Anzahl der Personen in Deutschland, die Lotto oder Toto spielen, nach Häufigkeit von 2018 bis 2023 (in Millionen)'.
³ Source: Figures of DLTB 2023 and the providers of charity lotteries 2022/2023.

We believe that the steady growth of the online share in recent years is likely to continue in the coming years. This assumption is supported in particular by a comparison of lottery markets in other European countries or other sectors in the e-commerce segment, where the online share is already significantly higher:

Online market shares Germany



Online penetration



- 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 many other countries, such as Norway (59%⁵), the UK (around 45%⁵) and Australia (38%⁶) 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 2022, the proportion of music sold online in Germany was already 79%¹. In 2023, 57% of the German population also used the Internet for banking³ and 68% of trips were sold online in 2022².

¹ Source: © Bundesverband Musikindustrie e.V. 2023, 'Musikindustrie in Zahlen 2022'.

² Source: vir, 'Daten & Fakten zum Online-Reisemarkt 2023'.

³ Source: © Statista 2024, 'Anteil der Bevölkerung in Deutschland, die das Internet für Online-Banking nutzen, in den Jahren 2006 bis 2023'.

⁴ Source: Own estimates, based on figures of the German Association of State Lottery Companies (DLTB) 2023 (from the DLTB announcement on 4 January 2024 on the website <https://www.lottoindeutschland.de/presse#2024>).

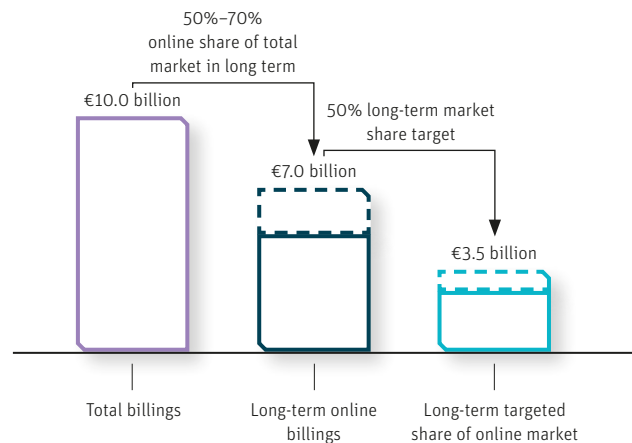
⁵ Source: La Fleur's 2022 European Lottery Abstract (based on figures for 2020–2021).

⁶ Source: Jumbo Interactive Limited, Annual Report 2023.

Based on the medium to long-term assumption of an online share of 50 to 70% of the total German lottery market (DLTB plus charity lotteries, GKL and other regulated lotteries) of around €10 billion¹, this would also result in an online lottery market potential of €5 to 7 billion. As our objective is to further expand our own market share to 50%, our long-term billings potential would therefore lie at around the €2.5 to €3.5 billion mark.

¹ Source: Figures of DLTB 2023 and the providers of charity lotteries 2022/2023

Market potential



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 licensed to operate in Germany.

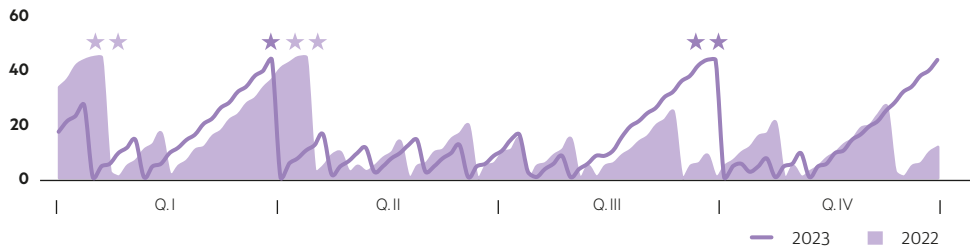
According to information of the GGL, 11 private commercial gaming brokers¹ had valid brokerage licences at the end of the reporting period – in addition to the state-owned companies. However, the advertising activities of our private competitors with licences in Germany were very modest in 2023. In the games business, the competition consists of 38¹ other providers that have received a licence from the GGL.

¹ According to GGL's joint official list (so-called whitelist) of 12 February 2024.

Jackpot development LOTTO 6aus49 and Eurojackpot

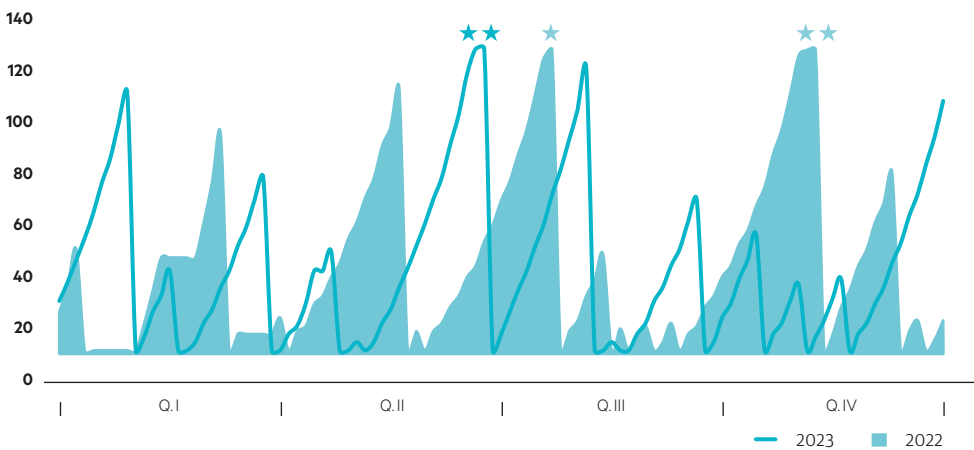
LOTTO 6AUS49

in € million



EUROJACKPOT

in € million



JACKPOT DEVELOPMENT AT PRIOR-YEAR LEVEL

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

In the fiscal year 2023, the jackpot environment was on a par with the previous year. Although the number of maximum jackpots was lower than in the previous year and below the statistically¹ expected average, the average jackpot was at a similar level and there were several high jackpot phases for both 'Eurojackpot' and 'LOTTO 6aus49', from which we were able to benefit. The 'Eurojackpot' reached its maximum amount of €120 million once for two consecutive draws in June (2022: twice, including once for two consecutive draws) and exceeded the €100 million mark three further times in January, August and late December (2022:

one more time). In the case of 'LOTTO 6aus49', the jackpot reached the €45 million mark three times in the past year, including once for two consecutive draws, which led to a mandatory payout. In the previous year, the maximum jackpot was reached twice for two consecutive draws, resulting in two mandatory payouts. With the adaptation of the jackpot rule, which came into force on 1 November 2023, maximum jackpots of up to €50 million are possible in future. At the same time, the mandatory payout after reaching the maximum jackpot amount was abolished, meaning that the jackpot can stay in place even after more than two draws.

¹ Based on a Monte Carlo experiment simulating 10,000 years of 'LOTTO 6aus49' and 'Eurojackpot' draws.

BUSINESS DEVELOPMENT

COMPARISON WITH PRIOR-YEAR GUIDANCE

Compared to our guidance, we succeeded in slightly exceeding our forecast for billings. In the case of revenue and EBITDA, we were in the upper half of the expected ranges for both KPIs.

Guidance Comparison	Guidance	2023	2022
In € million		Actual	Actual
Billings from lotteries	800–830	843.3	758.4
Revenue	110–120	116.1	105.2
EBITDA	30–35	32.9	31.7

Position

EARNINGS POSITION

The following table shows the Consolidated Income Statement of ZEAL Group for the fiscal year 2023.

	2023	2022	Change in %
in € thousand			
Revenue	116,050	105,201	10%
thereof from lotteries	105,652	98,221	8%
thereof from games	3,040	-	
Other operating income	1,274	2,309	-45%
Personnel expenses	-22,555	-18,892	19%
Other operating expenses	-61,979	-56,965	9%
Marketing expenses	-36,016	-34,126	6%
Direct operating expenses	-12,011	-10,652	13%
Indirect operating expenses	-13,952	-12,187	14%
Exchange rate differences	114	6	1,902%
EBITDA	32,905	31,659	4%
Amortisation and depreciation	-9,256	-8,730	6%
EBIT	23,649	22,928	3%
Financial result	-1,347	72	
Share of loss from associates	20	-190	
Net profit before taxes	22,322	22,810	-2%
Income taxes	-8,601	-6,238	38%
Net profit	13,721	16,572	-17%
Earnings per share for profit attributable to shareholders of the parent company			
Basic and diluted earnings per share (€/share)	0.59	0.72	-18%

REVENUE AND OTHER OPERATING INCOME

In the fiscal year 2023, revenue increased in total by 10% (€10,849 thousand). Due to the growth in billings from lotteries (by 11%), revenue from lotteries rose by 8% (€7,431 thousand) to €105,652 thousand. The slightly below-average revenue growth relative to the growth in billings is mainly due to two major winnings totalling €2.3 million of our charity lottery 'freiheit+' (2022: nil). Our games offering launched in June 2023 made a first revenue contribution of €3,040 thousand.

The decline in other operating income of 45% (€1,035 thousand) is primarily due to the derecognition of inactive customer account balances of €1,200 thousand from the former Ventura24 business in Spain in the previous year.

PERSONNEL EXPENSES

In 2023, personnel expenses rose by 19% (€3,663 thousand), due mainly to:

- The increase in variable remuneration of €2,000 thousand due to the improved performance of the ZEAL share and higher target achievements,
- The rise in the average number of employees (FTEs, excluding students and temporary staff) from 161 to 172 (7%)

Personnel expenses for 2023 also include non-recurring costs of €639 thousand in connection with the departure of two members of the Management Board, as well as non-period expenses of €463 thousand in connection with the years 2020 to 2022.

OTHER OPERATING EXPENSES

Other operating expenses rose by 9% in 2023 (€5,014 thousand):

- Marketing expenses increased by 6% (€1,890 thousand). During high jackpot phases, such as June and September, we stepped up our marketing activities and expanded our investments in brand building, especially through increased TV advertising. In phases when media costs were particularly high, however, we limited our customer acquisition measures in order to optimise marketing costs.
- Direct operating expenses increased by 13% (€1,359 thousand). This development mainly relates to payment processing costs and corresponds to the increase in customer payments of 13%.

- Indirect operating expenses rose by 14% (€1,765 thousand). This development results mainly from the increase in costs for various consulting services (€888 thousand), travel, training and entertaining costs (€256 thousand), software (€240 thousand), and external services in connection with the technical implementation of various strategic projects for our client ONCE in Spain in connection with the technical implementation of strategic projects for our client ONCE in Spain (€204 thousand). In addition, the search for a new CFO incurred one-off costs of €250 thousand. By contrast, we saved €443 thousand in insurance premiums for our charity lotteries.

EBITDA

Due to the increase in business volume, EBITDA rose by 4% (€1,246 thousand).

AMORTISATION AND DEPRECIATION

Amortisation and depreciation predominantly relates to the scheduled amortisation of the LOTTO24 customer list recognised in 2019 as part of the takeover (€7,366 thousand per year).

In addition, we expect a rent increase for our former offices in London, which we can only partially pass on to our subtenants. For this reason, we recognised a right-of-use asset of €621 thousand in 2023 and an impairment loss of the same amount. This led to an increase of € 525 thousand in amortisation and depreciation compared to the previous year.

FINANCIAL RESULT

In 2023, the financial result decreased by €1,419 thousand compared to the same period last year:

- Expenses from financial activities increased by €1,038 thousand (139%). This development is mainly due to the rise in interest costs for a bank loan due to the utilisation of a further €20,000 thousand in the fourth quarter of 2022, as well as the increased base interest rate.
- Income from financial activities fell by €978 thousand (68%) due mainly to the refund from the Hannover-Nord tax authority in January 2023 of the advance payment made in 2020 of €54,316 thousand. In 2022, we recognised income of €811 thousand from this tax receivable (2023: nil).
- Gain/loss on financial assets decreased by €596 thousand (96%). In the previous year, we recognised losses from changes in the fair value of subsidiaries in liquidation of €246 thousand (2023: €64 thousand) as well as losses from other securities of €379 thousand (2023: gains of €40 thousand).

TAX

The expected tax charge based on the average tax rate of 32% (2022: 32%) amounts to €7,206 thousand (2022: €7,363 thousand) compared to the actual tax expense recorded of €8,601 thousand (2022: €6,238 thousand). The most significant drivers of the tax charge being higher than the effective rate are described below:

- An additional tax expense for non-deductible expenses of €469 thousand (2022: €447 thousand).
- Additional tax income of €31 thousand (2022: €249 thousand) from the difference to foreign tax rates.

- A tax expense of €2,289 thousand (2022: €344 thousand), resulting mainly from the non-recognition of deferred tax assets on tax losses carried forward and temporary differences.
- Tax income of €1,196 thousand (2022: tax income of €1,196 thousand) resulting from the amortisation of consolidated intangible assets.
- Tax income of €42 thousand (2022: €460 thousand) on recognised tax losses carried forward for which no deferred tax asset had been formed in the past.

ANALYSIS OF THE GROUP'S OPERATING SEGMENTS

Segment Reporting 'Germany'

	2023	2022
in € thousand		
Revenue	110,677	100,298
Other operating income	1,273	1,005
Personnel expenses	-21,323	-17,257
Other operating expenses and exchange rate differences	-59,063	-54,323
EBITDA	31,565	29,724

Revenue in the Germany segment rose by 10% (€10,379 thousand). The growth in billings (by 11%) led to an increase in revenue from lotteries of 8% (€7,431 thousand), while the launch of games in late June 2023 resulted in additional revenue of €3,040 thousand (2022: nil). Other operating expenses (including exchange rate differences) also rose by 9% (€4,740 thousand). The disproportionately strong increase in personnel expenses in the Germany

segment (24%), compared to personnel expenses for the Group as a whole (19%), is mainly due to the reassignment of employees from divisions belonging to the Other segment. Despite these factors, we achieved a year-on-year increase in EBITDA of 6% (€1,841 thousand).

Segment Reporting 'Other'

	2023	2022
in € thousand		
Revenue	5,373	4,903
Other operating income	0	1,304
Personnel expenses	-1,232	-1,635
Other operating expenses and exchange rate differences	-2,801	-2,637
EBITDA	1,340	1,935

In 2023, we continued to expand our business in Spain and raised revenue in the Other segment by 10% (€470 thousand). The decrease in EBITDA of 31% (€595 thousand) is primarily attributable to a decline in other operating income of €1,304 thousand: in the previous year, inactive customer account balances of €1,200 thousand from the former Ventura24 business in Spain were derecognised. The 25% fall in personnel expenses (€403 thousand) is mainly due to the reassignment of employees to divisions belonging to the Germany segment.

FINANCIAL POSITION

PRINCIPLES AND OBJECTIVES OF CAPITAL MANAGEMENT

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 75 to 81):

- 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 possible returns.
- In order to optimise the use of liquid funds, the ZEAL Group purchased a bond tradable on the capital market from Hamburger Sparkasse AG in 2022. The bond matures in 2025 and has a low volatility with an effective interest rate of 3.1%.

- There is potential for taking on further interest-bearing debt. As at year-end 2023, we had drawn €28,700 thousand (2022: €28,700 thousand) of the instalment loan taken out in 2021 with a total volume of €50,000 thousand. In agreement with Commerzbank AG, we have waived the provision of the remaining €21,300 thousand. Instead, we took out a new instalment loan with a volume of €20,000 thousand with Commerzbank AG at comparable conditions, which gives us more flexible usage options. This new loan was not utilised until January 2024. In addition, we have a credit line of €15,000 thousand (2022: €7,000 thousand), of which €5,000 thousand is utilised as a guarantee facility. This guarantee from Commerzbank AG to the GGL serves as security for potential future liabilities and was a prerequisite for the granting of the games licence. Further information can be found in note 31 to the Consolidated Financial Statements.

At the Annual General Meeting on 28 May 2024, we will propose a dividend of €1.10 per share (2022: €3.60 per share), representing a total payout to shareholders of €23.8 million (2022: €78.0 million).

INVESTMENT ANALYSIS

	2023	2022
in € thousand		
Key cash flows		
Cash inflow from operating activities	25,567	28,489
Cash inflow/outflow from investing activities	56,349	-6,192
Cash outflow from financing activities	-85,439	-51,161
Other changes in available funds	19	-28
Total change in available funds	-3,505	-28,891
Available funds at the beginning of the period	61,209	90,100
Available funds at the end of the period	57,704	61,209

The net cash inflow from operating activities in 2023 amounted to €25,567 thousand (2022: €28,489 thousand), resulting mainly from the positive EBITDA of €32,905 (2022: €31,659 thousand). This was opposed by current tax payments of €9,100 thousand (2022: €1,521 thousand).

The net cash inflow from investing activities of €56,349 thousand (2022: outflow of €6,192 thousand) was primarily due to the refund from the Hannover-Nord tax authority in early 2023 of the advance payment made in 2020, together with the related interest, from the Hannover-Nord tax authority amounting to €56,344 thousand in total. In the previous year, the net cash outflow from investing activities primarily resulted from the purchase of a financial investment amounting to €5,000 thousand.

In the reporting period, we invested €429 thousand (2022: €929 thousand) in software and hardware needed for business operations, such as business intelligence systems, database and workplace equipment, as well as €627 thousand (£550 thousand) in shares of the start-up Cirl Gaming Ltd.

Net cash outflow from financing activities in 2023 totalled €85,439 thousand (2022: €51,161 thousand) and mainly consists of dividend payments of €79,374 thousand (2022: €48,213 thousand), including €1,408 thousand to the minority shareholders of LOTTO24 AG (2022: €1,242 thousand). In addition, we repaid €4,675 thousand of our existing loan (2022: €1,088 thousand). Lease payments made by the Group for its offices in London and Hamburg amounted to €1,510 thousand (2022: €1,974 thousand).

As at 31 December 2023, there was a corresponding decrease in cash and cash equivalents of €3,505 thousand to €57,704 thousand (31 December 2022: €61,209 thousand).

ASSET POSITION

Total non-current assets decreased by €18,182 thousand from €320,197 thousand at 31 December 2022 to €302,016 thousand at 31 December 2023. This was mainly due to scheduled amortisation of the customer list acquired in 2019 during the LOTTO24 takeover amounting to €7,366 thousand and the utilisation of deferred tax assets amounting to €5,955 thousand.

Current assets mainly comprise cash and cash equivalents of €57,704 thousand (2022: €61,209 thousand) and current receivables from gaming operations of €22,071 thousand (2022: €12,263 thousand). The decrease of € 46,902 thousand from €139,538 thousand at 31 December 2022 to €92,637 thousand at 31 December 2023 is primarily attributable to the above-mentioned refund of €56,344 thousand made by the Hannover-Nord tax authority.

LIABILITIES

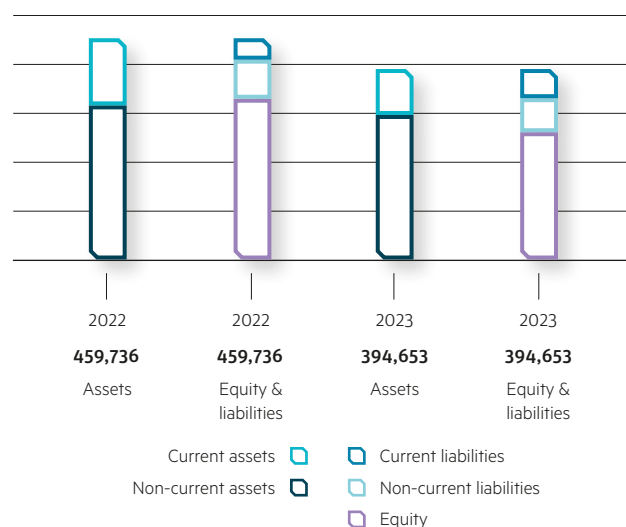
Total liabilities increased from €125,699 thousand at 31 December 2022 to €129,894 thousand at 31 December 2023. While liabilities from gaming operations rose by €13,343 thousand, interest-bearing loans fell by €4,675 thousand due to the repayments made and income tax liabilities decreased by €4,455 thousand.

EQUITY

Equity decreased by €69,279 thousand to €264,758 thousand at 31 December 2023 (2022: €334,037 thousand), primarily as a result of the dividend payment of €79,374 thousand. This was offset by the net profit of €13,721 thousand.

Balance sheet structure

in € thousand



ASSETS NOT RECOGNISED

ZEAL has not recognised any internally generated intangible assets in its Consolidated Financial Statements. Employee expenses incurred in 2022 and 2023 for the development of new games were not capitalised as they did not meet all recognition 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 the fiscal year 2023.

OVERALL ASSESSMENT

With consistently strong marketing activities, the launch of our new games business and a growing customer base, we made further great strides in our core business in 2023. We raised revenue by a total of 10% to €116,050 thousand and improved EBITDA by 4% to €32,905 thousand.

SUBSEQUENT EVENTS

As of the date of preparing this Group management report, no reportable events have occurred.

Report on expected developments and associated material opportunities and risks

RISK REPORT

RISK POLICY

ZEAL Network SE is exposed to the typical sector and market risks associated with the field of online gaming and lotteries. In order to grasp opportunities within the scope of our business models and operating activities, it is essential to take controlled risks. However, our aim is always to optimise the Company's risk profile in order to take advantage of identified opportunities while accepting appropriate and excluding inappropriate risks, thereby enabling sustainable growth.

Our business models are influenced in particular by the legal and macroeconomic conditions, the retention of licences granted, and the continued existence of significant business and other contractual relationships. On this basis, we make assumptions about our future development and profitability, the level of billings and revenue, cost items, necessary staffing levels, funding and key balance sheet items which may prove to be false and/or incomplete.

Our continued growth depends especially 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 possibility that the business model may prove to be less profitable, fully unprofitable or unfeasible in the long term cannot be excluded. This may lead to impairment especially of capitalised non-current assets (goodwill and brand), as well as to other significant negative effects on the financial position and performance of ZEAL.

RISK AND COMPLIANCE MANAGEMENT

Risk Management System (RMS)

ZEAL Network SE's RMS takes the form of an integrated risk and compliance management system whose aim is to recognise and manage at an early stage in particular those risks that are material or may even jeopardise the Company as a going concern, thus helping the Company to achieve its objectives. 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. ZEAL's RMS is based on a comprehensive and management-oriented risk approach that is embedded in the Company's organisation. Moreover, the system aims to ensure compliance with the relevant laws, regulations and standards, as well as transparency with regard to the Company's risk situation. The risk assessment is conducted across the Group. The Management Board is not aware of any indications that the risk management system is inappropriate or ineffective for identifying risks at an early stage, managing them in line with corporate strategy and promoting risk awareness throughout the ZEAL Group.

The Management Board of ZEAL Network SE bears overall responsibility for the RMS in accordance with section 91 (3) AktG. Together with the Compliance Officer, the Management Board regularly informs the Audit Committee of the Supervisory Board of ZEAL Network SE. In accordance with section 107 (4) AktG, the Audit Committee has a direct right to be kept informed by the operational management departments. The RMS is regularly revised, reviewed and adapted by the Management Board of ZEAL Network SE and selected managers in consultation with the Compliance Officer. The Compliance Officer is responsible for the operational coordination of the risk management process and supports the risk officers by regularly reporting to the Management Board, the Audit Committee and the full Supervisory Board. The responsibilities, tasks and processes of the RMS are defined in a set of rules.

Opportunity management is not part of the RMS and is the responsibility of operational management.

Ethics and Compliance Management System (CMS)

ZEAL's CMS consists of a large number of in-house measures and processes. It is based on the recognised standard IDW PS 980 to ensure the adequacy and effectiveness of the system. ZEAL's CMS serves to align business decisions with ethical principles and to ensure that we abide by all applicable laws, internal regulations and voluntary commitments. We place particular emphasis on compliance with gambling regulation, data protection, IT security, competition, corruption, occupational health and safety, working conditions and general non-discrimination.

These special requirements are binding constituents of a code of ethics and conduct, the 'ZEAL Code', which is available to all employees and interested parties in German, English and Spanish. All executives are obliged to 'set the tone from the top', in other words to shape our corporate culture through their own behaviour in such a way that all employees are motivated to comply with the applicable regulations and to report any (potential) violation through one of the channels offered by ZEAL, for example our whistleblower tool. Those executives whose areas of responsibility have particular contact with the focus topics of our CMS analyse and assess possible risks during regular update interviews with the Compliance Officer and determine the appropriate risk-reducing measures. The Compliance Officer is responsible for the CMS and risk management and reports directly to the Management Board.

Based on our regular risk analysis, we constantly optimise our compliance programme. It not only includes basic principles such as the dual control principle for processes, but also specific Group policies on relevant compliance topics, such as the handling of gifts and invitations. We have also set up various reporting channels for possible compliance violations, whereby employees can also report anonymously or to our external compliance consultant. The various channels are also available to our business partners, as ZEAL attaches particular importance to ethical behaviour in dealing with third parties and thus also checks relevant business partners before entering into a contractual relationship.

We believe that creating an open, transparent and participatory corporate culture is an indispensable prerequisite for effective compliance management, as rules and processes alone are not sufficient. In order to promote a dialogue, create trust and communicate the reasons for and contents of internal guidelines, ZEAL is therefore developing a training concept for all employees.

ZEAL actively invites all employees to contact our Compliance Officer with questions, doubts or improvement suggestions regarding compliance-relevant processes. In conjunction with our risk analysis, this enables us to keep track of current challenges throughout the year and to quickly adapt our compliance programme where necessary. We deliberately formulate policies in a practical manner with the aim of serving as a working aid for our employees. We communicate compliance requirements in a way that is appropriate for the target group, partly in online courses, personal workshops and in the context of daily business. The application of compliance requirements communicated in this way leads to a high level of compliance competence among employees at the operational level and is suitable for preventing compliance violations at an early stage in their development. We are convinced that this practical ethics and compliance management approach gives ZEAL a competitive advantage, as it not only positions us as a trustworthy gaming provider and reliable business partner, but also as a highly attractive employer.

Information Security Management System (ISMS)

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. We strictly adhere 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.

RISK MANAGEMENT ORGANISATION AND RESPONSIBILITIES

Supervisory Board	Monitoring the effectiveness of risk management, reviewing risk reporting
Audit Committee	Assessing risk management with regard to its legality, expediency and economic efficiency, and reporting to the full Supervisory Board
Management Board	Responsibility for appropriate risk management throughout the Group
Centralised risk management and risk reporting	Central risk management by the Compliance Officer: reporting to the Management Board, Audit Committee and full Supervisory Board
Operating risk management	Risk officer: identification, assessment, mitigation, control

RISK MANAGEMENT PROCESS

We monitor operating risks by means of regular risk management interviews (at least twice per year) with the respective risk officers in the management team. The results of these interviews are discussed by the Management Board. To this end, we closely monitor our market and competitive environment and analyse the identified risks and compliance issues as part of the twice-yearly updates to the risk register. Risks are thus continuously monitored by the Management Board and other executives with regard to their potential impact on relevant financial and non-financial performance indicators when the risk occurs. The assessment of the potential impact is predominantly conducted on the basis of a quantitative estimation. The quantitative impact is assessed using the potential impact on earnings (EBIT) or other deviation from the defined corporate objectives. The probability of occurrence is based on a time horizon of one to two years from the assessment date. The probability of occurrence refers to the statistical or estimated probability. The qualitative impact on our reputation is also taken into account. When assessing individual risks, we take into account existing risk mitigation measures. The identified risks are documented in a risk matrix according to their potential impact and probability of occurrence. Our risk matrix contains the residual risk remaining after deducting risk-mitigating measures. Risks from a residual risk rating with a potential impact of at least €5 million and an average probability of occurrence of at least 40% regularly constitutes a material risk. Moreover, there may be a material risk if a correspondingly higher impact is expected with a lower probability of occurrence, or a lower impact is expected with a higher probability of occurrence (material risks). We monitor material risk separately and emphasise them when reporting to the Management Board and Supervisory Board.

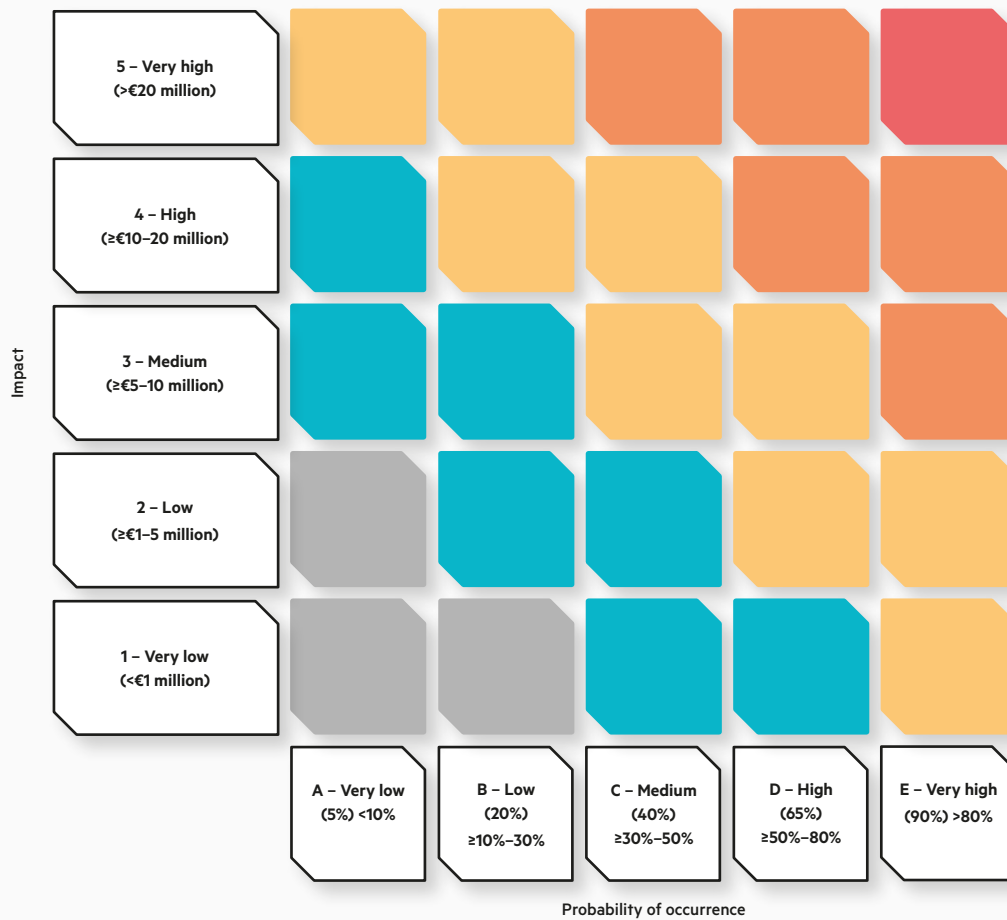
We regularly evaluate the regulatory conditions, also with the aid of legal advisors, and can thus react swiftly and appropriately.

RISK-BEARING CAPACITY

We ensure a comprehensive assessment of our ability to absorb potential losses by constantly monitoring and analysing risks, in conjunction with our risk matrix and regular reporting to the Management Board and Supervisory Board. This not only encompasses key financial performance indicators such as EBIT, but also qualitative aspects such as reputational damage. Our risk management system enables us to continuously adapt and optimise our strategies and processes, ensuring that we can effectively continue our business activities and maintain our financial stability even in the event of material risks with an impact of over €5 million and a probability of occurrence of at least 40%. This underlines our commitment to sustainable corporate governance and the protection of the interests of all stakeholders, particularly with regard to the long-term preservation of ZEAL Network SE's financial position and performance.

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 where needed. 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.

Risk matrix



Critical negative impact on business operations and profitability

Serious negative impact on business operations and profitability

Material negative impact on business operations and profitability

Moderate negative impact on business operations and profitability

Low negative impact on business operations and profitability

- 5) Risk threatens achievement of key corporate objectives. Significant impact on corporate objectives. Significant legal or regulatory consequences and impact on company's reputation expected.
 - 4) Prolonged operational downtime and/or loss of connectivity/compromising of large data volumes or services.
 - 3) Significant expenditure on resources required/damage to reputation and trust.
 - 2) Noticeable damage, additional expenditure to rectify/low damage to reputation and trust.
 - 1) No additional expenditure to eliminate the risk/no damage to reputation and trust.
-
- A) Occurrence is unlikely. Rare, may occur in exceptional cases. No or little experience with similar error.
 - B) It may occur at a specific time, perhaps once or twice every 5 years. There are conditions in which this can happen, but there are effective controls.
 - C) It may happen once or twice a year.
 - D) It might happen once a quarter.
 - E) It is expected to occur, almost certainly. It may occur several times a month.

In order to aid understanding and the clarity of this risk report, the individual risks are presented within the following categories according to the relative significance of the risk. The expected value is calculated on the basis of the probability of occurrence and the potential impact on the company's ability to achieve its forecasts and business objectives.

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. The state lottery companies could significantly expand their own online sales within the framework of their monopoly position. International sports betting and casino providers might enter the lottery brokerage business or compete with ZEAL in other strategic business areas. At the same time, a greater variety of alternative online gaming offerings could lead to a decline in lottery revenues. However, the increased enforcement of legal restrictions in recent years has reduced the competitive pressure from secondary lotteries. We therefore expect weaker competition from foreign secondary lottery providers in the future. However, providers of secondary lotteries that have not been licensed to date could discontinue their current business model and seek to be granted a licence for lottery brokerage in Germany. As a result, competition may intensify if financially strong former secondary lottery providers enter the market as authorised lottery brokers. We have classified the risk significance as 'medium'. The probability of occurrence is in the lower range of 'high'. We estimate the impact to be 'medium'.

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. We have classified the risk significance as 'low'. The probability of occurrence is regarded as 'low'. We estimate the impact to be 'medium'.

Change in consumer climate due to macroeconomic uncertainties

Consumer sentiment is being dampened by high inflation and economic uncertainty at the moment. We anticipate further uncertainty among the relevant customer groups in 2024. The current uncertainties may have a negative impact on average spending on our offerings and result in lower revenue. We have classified the risk significance as 'low'. The probability of occurrence is regarded as 'low'. We estimate the impact to be 'low'.

Default of strategic service providers

Strategically relevant service providers such as Amazon, Apple, Google or Meta 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 this case, LOTTO24's and Tipp24's advertising and the relevant use of cloud services would be subject to significant limitations, or apps would no longer be available in the respective app stores, which may result in a significant reduction of revenues and new customer figures. In addition, the interfaces to individual or several state lottery companies could temporarily fail, which could result in some of our offerings being unavailable, too. In the case of outages lasting several days or in times of high jackpots, this could lead to significant declines in revenue and the number of new customers. We have classified the risk significance as 'very low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'very low'.

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. Since the entry into force of the new State Treaty on Games of Chance in July 2021, the regulatory risk has decreased slightly. 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 offering of games of chance is only possible if the relevant licences and the advertising restrictions they contain have been granted. In the past, ZEAL Group entities were granted the respective licences without any significant objections to the application documents, especially the concepts submitted. As in the past, the licences granted under the new State Treaty on Games of Chance are limited in time and subject to general revocation. We assume that licences to be granted for other gambling offers in the future will also contain such restrictions and uncertainties. It is unlikely, but cannot be excluded, that the existing licences may be withdrawn or not prolonged, or that future licences may only be granted after a considerable delay. Such a revocation, non-prolongation or delay in granting licences would significantly impede, delay or even prevent the continued operation and expansion of business activities.

Due to the variety of indeterminate ancillary licence provisions and in some cases indeterminate legal bases for authorisation, there will continue to be a higher degree of legal uncertainty in the future compared to other sectors. 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. We have classified the risk significance as 'very low'. The probability of occurrence is regarded as 'low'. We estimate the impact to be 'very low'.

TAX RISKS

UK exit tax in connection with relocation of registered office in 2019

In the past, ZEAL was subject to various tax laws across several jurisdictions. The relocation of the registered office from the UK to Germany in particular required the consideration of various tax aspects, especially with regard to the valuation of company assets. We believe that we correctly assessed all aspects involved with the relocation of the registered office. Depending on the application and interpretation of British and German tax laws and administrative guidance, however, it is not possible to exclude the possibility that tax authorities may subsequently apply different assessment or measurement methods that could lead to a future tax burden. We have classified the risk significance as 'very low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'very low'.

LEGAL DISPUTES AND REGULATORY PROCEEDINGS

ZEAL Group entities are parties in various legal proceedings in connection with different aspects of gambling and tax law.

Appeal against the assessment of gambling duties in Austria

myLotto24 Ltd and Tipp24 Services Ltd are parties in tax proceedings in Austria, which are currently pending before the Federal Fiscal Court in Vienna. myLotto24 Ltd and Tipp24 Services Ltd are appealing against assessments on the levying of gaming taxes on stakes in connection with secondary lottery services provided until 2019. In our opinion, the Austrian tax authorities are applying an unlawful basis for assessment. We assume that the assessment of gambling duties will be corrected by the court in such a way that only the stakes of participants resident in Austria will be taxed. This corresponds to applicable law in Austria, which is based on participation from within the country and taxes this with a gambling duty of 40%. Based on our detailed analysis of the disputed matter and the assessment of our advisors, we assume that our appeal has an overwhelming chance of success. In this case, we anticipate a fixed gambling duty, suspension interest and costs

for external advisors totalling €2.4 million. Further explanations can be found in note 23 to the Consolidated Financial Statements. We have classified the risk significance as 'very low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'very low'.

Appeals against ancillary licence conditions

LOTTO24 AG has initiated various court proceedings to review the legality of what it considers to be indeterminate and disproportionate restrictions of both the brokerage licence as well as the licence to operate virtual slot machine games. With regard to the other pending proceedings against the licence restrictions, we do not expect any material negative impact on future business in the short and medium term. We have classified the risk significance as 'very low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'very low'.

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, based on ISO 27001, 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 due to a so-called ransomware attack, or similar disruptions and 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 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 and/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.

We have classified the risk significance as 'low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'high'.

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 has bank 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. We have classified the risk significance as 'low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'medium'.

Risks from games business

The games business involves various risks that may have a negative impact on the Company's revenue expectations and reputation. Expanding the games portfolio is heavily dependent on the rapid integration of external providers. The integration of providers could be delayed and slow the development of the overall portfolio. There is also the possibility of delays regarding the approval of individual games. The games offering may alter the perception of the Company's product portfolio and have a negative impact on ESG or other compliance ratings with key business-to-business (B2B) partners, which in turn may adversely affect the respective business relationships.

Moreover, the games offering involves a higher risk of manipulation and problem gambling than other offerings of the Company, such as the brokerage of lotteries or the operation of charity lotteries.

These product-specific risks may adversely affect the Company's brand and reputation as well as its ability to recruit talent. Furthermore, the games offering may result in statistical payout peaks, which could have a negative impact on revenue. We have classified the risk significance as 'very low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'very low'.

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 lower stakes will not be sufficient 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. We have classified the risk significance as 'very low'. The probability of occurrence is regarded as 'very low'. We estimate the impact to be 'very low'.

OPPORTUNITY REPORT

INCREASING DIGITISATION OF MEDIA USAGE AND COMMERCE

The volume of services provided digitally, and media consumed online, is also growing from year to year in Germany. Consumers are increasingly switching from offline to online services. Online lottery services in particular, however, are still used less than average in Germany compared to the proportion of online retail sales. This constant change and pent-up demand give 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 (€50 million for 'LOTTO 6aus49' and €120 million for 'Eurojackpot') may lead to rising customer growth and higher revenue.

EXPANDED PRODUCT PORTFOLIO

The State Treaty on Games of Chance provides for the possibility of offering additional gaming products, in particular sports betting, via the Internet. Even after being granted a licence to offer virtual slot machines, we are continuously reviewing whether further innovative products are eligible for approval and suitable for attracting additional customer groups. The expansion of the product portfolio might lead to further 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 in our core business of lottery brokerage or IT security risks are still low. Compared to the previous year, the overall risk in 2023 was not significantly different and remains moderate. We regard the likelihood of risks that could jeopardise the continued existence of the Group – such as the non-prolongation or revocation of licences granted – 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 GENERAL AND ACCOUNTING-BASED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

THE GENERAL INTERNAL CONTROL SYSTEM

Our definition of the 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.

To this end, we first defined the control objectives. These related in particular to the adequacy of the

- Functionality and efficiency of business processes.
- Reliability of operational information.
- Asset protection.
- Compliance with rules.

In strategic, operational, accounting-related and sustainability-related areas, the primary objective of our ICS is to avoid risks resulting from non-execution or incorrect execution, to detect material misstatements and to ensure compliance with the relevant regulations.

To ensure the effectiveness of the ICS, we review our internal operational and administrative processes at least once a year. During this review, we also assess the appropriateness of the processes. In addition, any inherent risks within the process are ascertained. These risks are then set against the existing controls to determine how effectively the existing controls cover these risks. If there is a lack of coverage, improvements are made to an existing control, or a new control is introduced.

All of these measures were designed to maximise the effectiveness of the ICS. During the establishment, ongoing development and maintenance of the ICS, the main focus was on protecting the Group's assets and ensuring the reliability of internally generated data. In doing so, we made sure that the ICS was compatible with our guiding philosophy and was flexible enough to keep pace with ongoing changes. Attention was also paid to an appropriate cost-benefit ratio. Our ICS focuses on preventing errors before they occur. ZEAL therefore continues to focus on so-called 'preventive controls'. Wherever possible, we use controls that do not require manual intervention (automated controls or system controls).

The ICS implementation is additionally ensured by means of personnel-related measures. On the one hand, these relate to the recruitment of employees. We screen our potential employees to ensure they have the necessary skills, training or certificates to perform their jobs in accordance with the requirements. We also require all new employees to submit a police clearance certificate. On the other hand, the effectiveness of our employees is ensured by offering a wide range of training and education programmes, as well as a commitment to regular holidays.

In addition, we ensure a strict segregation of duties for important business transactions such as purchases, monitoring and executing customer payments, and the payment of invoices. The following responsibilities are segregated for these areas:

- Execution of transactions.
- Authorisation or approval of transactions.
- Recording of transactions.
- Safekeeping of assets.

We continuously review our ICS in order to avoid failures. Irrespective of its specific structure, however, an ICS cannot provide absolute assurance that these objectives will be achieved. There was no indication in the fiscal year 2023 that the ICS essentially failed in the prevention of errors or fraud. Nevertheless, a weakness in the ICS was identified that resulted in changes to the Business Central accounting system not being documented in full on the system side. This weakness existed as of September 2023 and was remedied in February 2024. For the period in which this control is classified as ineffective, the appropriateness of the accounting system was ensured by means of mitigating controls.

THE ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

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 the fiscal year 2024, we plan to further extend our position as the leading online provider of lottery products in Germany, to accelerate the growth of our recently launched games offering and to launch new products in the field of charity lotteries. Depending on the general conditions – and an average jackpot development – we expect revenue to be in the range of €140 million to €150 million in the fiscal year 2024. EBITDA is expected to be in the range of €38 million to €42 million.

	2024	2023
in € million	Guidance	Actual
Revenue (including reimbursements from jackpot insurance)	140–150	116.1
EBITDA ¹	38–42	32.9

¹ Earnings before financial result, taxes, depreciation and amortisation.

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 2023, 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 2023, ZEAL Network SE held 738,894 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 reappointed 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.

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 2023, 4,224 treasury shares were sold to employees of the Group.

By resolution of the General Meeting of shareholders of 30 June 2022, the Management Board is authorised – with prior approval of the Supervisory Board – to purchase treasury shares in the period ending 29 June 2027 up to a total of 10% of the Company's existing share capital at the time of this resolution or – if lower – at the time of utilising the authorisation. Together with other treasury shares held by the Company or attributable to it according to sections 71a et seq. AktG, the acquired shares may at no time account for more than 10% of the share capital. The share repurchase may be effected in various ways as specified in more detail in the authorisation. The Management Board is authorised to use the shares acquired in this way, also with the exclusion of subscription rights, for all legally permissible purposes, in particular for the purposes specified in detail in the authorisation. Among other things, the Management Board is authorised according to section 71 (1) number 8 AktG to cancel the shares without requiring a further resolution of the General Meeting. The Company has bought back 714,285 treasury shares on the basis of this authorisation so far.

Hamburg, 19 March 2024

The Management Board

Helmut Becker Chief Executive Officer	Sebastian Bielski Chief Financial Officer
Paul Dingwitz Chief Technology Officer	

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

for the period 1 January to 31 December

		2023	2022
in € thousand	Note		
Revenue	4	116,050	105,201
Other operating income	5	1,274	2,309
Personnel expenses	6	-22,555	-18,892
Other operating expenses	7	-61,979	-56,965
Marketing expenses		-36,016	-34,126
Direct operating expenses		-12,011	-10,652
Indirect operating expenses		-13,952	-12,187
Exchange rate differences		114	6
EBITDA¹		32,905	31,659
Amortisation/depreciation on intangible assets and property, plant and equipment	10; 12	-8,045	-8,061
Depreciation of right-of-use assets	27.1	-1,211	-670
Result from operating activities (EBIT)		23,649	22,928
Income from financial activities	8	461	1,439
Expenses from financial activities	8	-1,783	-746
Gain/loss on financial assets		-25	-621
Financial result		-1,347	72
Share of gain/loss from associates	16	20	-190
Net profit before taxes		22,322	22,810
Income taxes	9	-8,601	-6,238
Net profit		13,721	16,572
Attributable to:			
Shareholders of the parent company		12,849	15,962
Non-controlling interest		872	610
Earnings per share for profit attributable to shareholders of the parent company	24.6		
Earnings per share (undiluted in €/share)		0.59	0.72
Earnings per share (diluted in €/share)		0.59	0.72

¹ Results from operating activities before share of loss from associates, financial result, taxes, depreciation/amortisation of intangible assets, property, plant and equipment and right-of-use assets.

Consolidated Statement of Comprehensive Income
for the period 1 January to 31 December

		2023	2022
in € thousand	Note		
Net profit		13,721	16,572
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	15	-3,776	593
Other comprehensive income (after taxes)		-3,776	593
Total comprehensive income (after taxes)		9,945	17,165
Attributable to:			
Shareholders of the parent company		9,073	16,555
Non-controlling interest		872	610

Consolidated Statement of Financial Position

		31 December 2023	31 December 2022
ASSETS in € thousand	Note		
Non-current assets			
Property, plant and equipment	10	1,182	1,155
Right-of-use assets	27.1	2,388	2,661
Goodwill	11	158,585	158,585
Intangible assets	12	120,707	128,350
Deferred tax assets	13	993	6,948
Interest-bearing bond	14	5,000	5,000
Other investments	15	12,211	15,424
Shares in associated companies	16	695	675
Receivables from finance lease	27.2	254	1,399
Total non-current assets		302,016	320,197
Current assets			
Income tax receivables		125	118
Trade receivables		2,645	1,433
Receivables from finance lease	27.2	1,480	894
Prepaid expenses		1,742	1,454
Other financial assets	17	28,315	17,694
Other assets	18	626	56,736
Cash and cash equivalents	19	57,704	61,209
Total current assets		92,637	139,538
ASSETS		394,653	459,736

		31 December 2023	31 December 2022
EQUITY & LIABILITIES in € thousand	Note		
Non-current liabilities			
Deferred tax liabilities	13	44,217	46,314
Interest-bearing loans	20	15,763	22,938
Other financial liabilities	21	5,310	4,272
Provisions	23	4,221	3,983
Lease liabilities	20	2,388	3,630
Total non-current liabilities		71,897	81,137
Current liabilities			
Trade payables		3,613	3,792
Interest-bearing loans	20	7,175	4,675
Other financial liabilities	21	34,282	21,786
Other liabilities	22	8,491	6,904
Income tax liabilities		1,354	5,810
Provisions	23	708	104
Lease liabilities	20	2,374	1,492
Total current liabilities		57,997	44,562
Equity			
Subscribed capital	24.1	22,396	22,396
Capital reserves	24.3	194,163	279,952
Treasury shares	24.5	-21,067	-21,250
Other reserves	24.7	7,290	11,066
Retained earnings	24.8	56,424	35,785
Equity attributable to shareholders of the parent company		259,207	327,950
Non-controlling interest	24.4	5,551	6,087
Total equity		264,758	334,037
EQUITY & LIABILITIES		394,653	459,736

Consolidated Statement of Cash Flows

for the period 1 January to 31 December

	Note	2023	2022
in € thousand			
Net profit before tax		22,322	22,810
Adjustments for			
Amortisation/depreciation	10; 12	8,045	8,061
Depreciation of right-of-use assets	27.1	1,211	670
Share of gain/loss from associates	16	-20	190
Impairment reversal of associates	8	-	-411
Interest income from finance leases and gains from the disposal of right-of-use assets	27.2	-53	-123
Other income from financial activities	8	-172	-905
Expenses from financial activities – from lease liabilities	27.1	177	227
Other expenses from financial activities	8	1,607	333
Adjustment of fair values of other investments	15	64	246
Translation differences		-114	14
Other non-cash income/expenses		-269	99
Changes in			
Trade receivables		-1,212	357
Prepaid expenses		-287	44
Other financial assets ¹	17	-10,525	8,713
Other assets ²	18	-235	-276
Trade payables		-179	92
Other financial liabilities	21	13,534	-9,865
Other liabilities	22	1,587	443
Provisions	23	841	-272
Interest received	8	140	123
Interest paid		-1,793	-560
Income taxes paid		-9,100	-1,521
Net cash inflow from operating activities		25,567	28,489

		2023	2022
in € thousand	Note		
Cash flow from investing activities			
Receipt from a refund of advance tax payments	18	56,344	-
Payments for the acquisition of financial instruments		-	-5,400
Receipts from the repayment portion of subleases (finance lease)	27.2	825	1,186
Payments for the acquisition of intangible assets	12	-45	-558
Payments for the acquisition of property, plant and equipment	10	-383	-871
Payments for the acquisition of other investments	15	-627	-
Payments for the acquisition of associated companies	16	-	-594
Dividends received		236	59
Disposal from the deconsolidation of subsidiaries		-	-14
Net cash inflow/outflow from investing activities		56,349	-6,192
Cash flow from financing activities			
Dividend payments	28	-79,374	-48,213
Payments for the repayment portion of lease liabilities	27.1	-1,510	-1,974
Payments for the acquisition of treasury shares	24.6	-	-20,000
Receipts from the sale of treasury shares	24.6	120	114
Receipts from the taking out of loans	20	-	20,000
Payments for the redemption of loans	20	-4,675	-1,088
Net cash outflow from financing activities		-85,439	-51,161
Net increase/decrease in cash and cash equivalents		-3,524	-28,863
Exchange rate-related changes in cash and cash equivalents		19	-28
Available funds at the beginning of the period		61,209	90,100
Available funds at the end of the period		57,704	61,209
Composition of available funds			
		-	-
Cash and cash equivalents according to the statement of financial position at the end of the period		57,704	61,209

¹ Excluding accrued interest and repayments from an interest-bearing bond of €160 thousand and €87 thousand and acquisition of financial instruments of €400 thousand in 2022 (2023: nil). Further details are presented in notes 14 and 17 to the Consolidated Financial Statements.

² Excluding the refund of advance payments from the Hannover-Nord tax authority amounting to €56,344 thousand, presented as a cash inflow from investing activities. Accrued interest from this tax prepayment of €811 thousand in the previous year are also not included. Further details are presented in note 18 to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

for the period 1 January to 31 December

	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
in € thousand								
As at 1 January 2022	22,396	279,971	-1,411	10,473	66,794	378,223	6,719	384,942
Net profit	-	-	-	-	15,962	15,962	610	16,572
Other comprehensive income	-	-	-	593	-	593	-	593
Total comprehensive income	-	-	-	593	15,962	16,555	610	17,165
Dividend payment	-	-	-	-	-46,971	-46,971	-1,242	-48,213
Purchase treasury shares	-	-	-20,000	-	-	-20,000	-	-20,000
Sale of treasury shares	-	-19	162	-	-	143	-	143
As at 31 December 2022	22,396	279,952	-21,250	11,066	35,785	327,950	6,087	334,037
Net profit	-	-	-	-	12,849	12,849	872	13,721
Other comprehensive income	-	-	-	-3,776	-	-3,776	-	-3,776
Total comprehensive income	-	-	-	-3,776	12,849	9,073	872	9,945
Reclassification	-	-85,756	-	-	85,756	-	-	-
Dividend payment	-	-	-	-	-77,966	-77,966	-1,408	-79,374
Sale of treasury shares	-	-33	183	-	-	150	-	150
As at 31 December 2023	22,396	194,163	-21,067	7,290	56,424	259,207	5,551	264,758

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 domestic business address is Straßenbahnring 11, 20251 Hamburg, Germany. The Consolidated Financial Statements were prepared for the fiscal year ending 31 December 2023.

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

These Consolidated Financial Statements were prepared by the Management Board on 19 March 2024 and subsequently submitted to the Supervisory Board for examination and approval.

2 Accounting policies

The main information on the accounting methods used by ZEAL 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 ('the ZEAL Group' or 'the Group'), as at 31 December 2023 were prepared in accordance with the valid International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) 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 AND AMENDED STANDARDS AND INTERPRETATIONS OF EXISTING STANDARDS

The following new and amended standards and interpretations of existing standards to be adopted by the Group for the first time had no material impact on the Consolidated Financial Statements:

Standard/ Interpretation		Mandatory as of	EU endorsement
IFRS 17	Initial Application of 17 'Insurance Contracts'	01.01.2023	Yes
IAS 1	Amendment to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 – Disclosure of Accounting Policies	01.01.2023	Yes
IAS 8	Amendment to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of accounting estimates	01.01.2023	Yes
IAS 12	Amendment to IAS 12 'Income Taxes' – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01.01.2023	Yes
IAS 12	Amendment to IAS 12 'Income Taxes' – International Tax Reform – Pillar Two Model Rules	01.01.2023	Yes

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 does not intend to adopt the amendments to these standards before their effective date:

Standard/ Interpretation		Mandatory as of	EU endorsement
IAS 1	Amendment to IAS 1 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	01.01.2024	Yes
IFRS 16	Amendment to IFRS 16 'Leases' – Lease Liability in a Sale and Leaseback	01.01.2024	Yes
IAS 7	Amendment to IAS 7 'Cash Flow Statements' and IFRS 7 'Financial Instruments: Disclosures' – Disclosures: Supplier Finance Arrangements	01.01.2024	Yes
IAS 21	Amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability	01.01.2025	Yes

We do not expect the application of these new standards to have any material 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 impairment of goodwill, 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.

TAXATION AND OTHER DUTIES

Due to periodic changes in the tax landscape of the industry in which the Group operates, estimates are required to determine 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, the Management Board has made estimates and judgements in certain specific tax- and other duty-related areas. This concerns the following areas in particular:

Austrian Gaming Duty

In January 2011, gaming duty in Austria became payable on a point of consumption basis. 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.

The Austrian Tax Office for Duties, Transfer Taxes and Gaming argues that since lotteries qualify as gaming, the organising of bets on the outcome of lotteries also qualifies as a gaming activity. Appeals have been lodged against the corresponding assessments. A provision of €2.4 million (2022: €2.3 million) was recognised as at 31 December 2023 for the taxation of 40% of gross gaming revenue expected by the Management Board. Due to the uncertainty of this estimate, the amount of future cash outflows may differ from the amount of the provision. Further explanations can be found in note 23 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 estimates 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.

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').

Following this assessment, the Management Board continues to believe that there is no overwhelming probability of an outflow of funds. Consequently, a corresponding provision has not been recognised in the statement of financial position. The Management Board has recognised a contingent liability of €2.7 million for the residual risk. 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. There was no change to this assessment in 2023.

GOODWILL

The Management Board conducts at least one impairment test for goodwill and indefinite-life intangible assets per year. 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. The recoverable amount corresponds to the higher of the net realisable value and the value in use. In order to test goodwill for impairment, the value in use is determined on the basis of forward-looking estimates and assumptions, for example with regard to billings and revenue, cost items, headcount, funding needs and growth rates. These estimates and assumptions are set by the Management Board and continuously monitored and updated. Further details are presented in note 11 to the Consolidated Financial Statements.

FAIR VALUE OF FINANCIAL ASSETS

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 twelve months prior to the end of the reporting period (for example in the form of a representative financing round), fair value is derived from such market transactions (level 2), provided that the circumstances relevant for the valuation have not changed significantly. If there were no such market transactions, a discounted cash flow model (level 3) is utilised to determine the fair value (enterprise value) of the underlying businesses that ZEAL has invested in. For investments with a complex investment structure, the fair value of ZEAL's share of each participation was also measured using an option pricing model. This 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, the perpetual growth rate, the growth rate of billings and the development of margins. Further details can be found in note 15 to the Consolidated Financial Statements.

REVENUE

The Group generates revenue for services which it provides in connection with the participation of customers in games of chance. If several parties are involved in the provision of these games of chance, the Management Board has to determine whether the Group is acting as principal or agent. The Group is only acting as principal if it has control over the provision of a game of chance, otherwise it is acting as an agent. This assessment takes into account, among other things, whether the Group is the organiser of the game of chance or whether it provides services as part of a game of chance organised by a third party.

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 2023 and 2022 are all wholly owned, directly or indirectly, with the exception of LOTTO24 AG (94.86%).

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.

2.6 REVENUE

In the fiscal year 2023, the Group had the following main revenue streams: revenue from commissions and fees from the lottery brokerage business, revenue from charity lotteries, revenue from virtual slot machine games ('games'), 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 holds the licence to operate lotteries and is responsible for fulfilling the contract. 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, the Group receives commissions and additional ticket fees 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, these are deferred as liabilities to customers, as a refund may be demanded from them. 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 represent variable consideration and 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 in the short term 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 CHARITY LOTTERIES

ZEAL conducts as an agent the charity lotteries 'freiheit+' and 'Die Deutsche Traumhauslotterie' on behalf of and for the benefit of BildungsChancen gGmbH, Essen. The Group provides services in connection with the planning and administration of the charity lotteries and runs them. Both lotteries hold a weekly draw. In addition to smaller cash prizes, the charity lotteries offer the following jackpot prizes:

- 'freiheit+': one-time payment of €250,000 and monthly payments of €5,000 for the following 15 years.
- 'Die Deutsche Traumhauslotterie': one-time payment of €1,000,000.

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. Revenue for these services is recognised when they are rendered.

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

The purchase of a 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 at expected present value in accordance with IFRS 13, based on the expected prize payouts for the tickets that have not yet been played. This is 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 and is disclosed under other financial assets.

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) REVENUE FROM GAMES

Revenue is generated from customers participating in online games ('games') which LOTTO24 AG offers on its portals (LOTTO24, Tipp24). These also include games which third parties created but which LOTTO24 markets completely in its own name and for its own account. As the organiser of the games, the Group acts here as the principal. The respective contract for participation in a virtual machine game is treated as a derivative (for the same reasons as the purchase of a ticket for charity lotteries) and the revenue from this is recognised in accordance with IFRS 9. The difference between the transaction price and the fair value of this derivative (in other words the game winnings) is recognised in profit or loss as revenue at the time the game results are announced.

In Germany, providers of online games are obliged to collect a tax of 5.3% on stakes and forward it to the tax authorities. This tax is not part of the transaction price and is not recognised as revenue.

Revenue from games is therefore calculated on the basis of customer stakes after deduction of the tax on virtual slot machine games and the calculated game winnings.

(IV) 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.

Customer acquisition costs are expensed in accordance with IFRS 15.91–94. In addition, use is made of the practical expedient under IFRS 15.121 and the remaining benefit obligations are not disclosed, as the contracts have an expected term of one year or less.

2.7 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 laws that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

2.8 FOREIGN CURRENCY

The Consolidated Financial Statements are presented in euros, which is the Group's reporting currency. The functional currency of all subsidiaries included by means of full consolidation in the Consolidated Financial Statements as at 31 December 2023 and 2022 is the euro.

2.9 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 and impairment amounts are 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 derecognised on disposal. Any gain on disposal or arising on disposal is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

(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 and 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.

As in the previous year, no development costs were capitalised in the fiscal year 2023.

2.10 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. Any gain arising on the disposal 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.

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 fiscal 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.

2.11 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 or development projects not yet ready for use, an estimate is made 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 and the brand LOTTO24 are 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 a 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 cash-generating unit (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.

2.12 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. As a rule, the Group can consider the probability of exercise/non-exercise of an option to be sufficiently certain at the latest 2 years before its exercise date.

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 (net acquisition cost less than €5 thousand when new). 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 its office space in London. As an intermediate lessor, it accounts for its interest in the head lease and the sublease separately. In view of the fact that the sublease was concluded for the major part of the remaining term of the main lease, it is generally classified as a finance lease. 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 lease receivable is measured at amortised cost using the effective interest method. In the event of subsequent price increases for the main lease, a new right-of-use asset is recognised in the amount of the revaluation

of the lease liability. If the price of the sublease also increases, the present value of the expected future lease income from the right-of-use asset is derecognised and recognised as a receivable from finance leases. The remaining right-of-use asset is recognised directly in profit or loss. Further details are provided in note 27 to the Consolidated Financial Statements.

2.13 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.

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.

2.14 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.

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.

When applying the equity method, the Group determines whether it is necessary to recognise an impairment loss for its shares in an associated company. At each reporting date, the Group determines whether there is objective evidence that the shares in the associated company are impaired. If such indications exist, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associated company and its carrying amount and recognises the loss in the financial result.

2.15 FINANCIAL ASSETS AND LIABILITIES

(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 in the form of debt instruments 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 that is not measured at fair value through profit or loss 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 they 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 of the Group at fair value through profit or loss comprise short-term deposits and investments in the companies eSailors Limited, Smartgames Technologies Limited and Lottovate Limited, which are in liquidation thus no longer consolidated companies. 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 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.

The Management Board has decided to allocate other investments in companies held as long-term strategic investments to 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 twelve 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.

(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.

2.16 TREASURY 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.

2.17 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.

2.18 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.

2.19 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 calculation of bonuses is based on a formula that takes into account the achievement of individual goals as well as the Group performance.

(II) 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. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(III) 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.

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.

(IV) EMPLOYEE STOCK PURCHASE PLAN

The Group created an Employee Stock Purchase Plan in 2020. In 2022 and 2023, it offered all employees who were permanent and based in the UK, Germany or Spain the opportunity to buy ZEAL shares. In 2023, shares representing a total of 0.02% of ZEAL's shares (2022: 0.02%) were acquired by employees under this plan. The Group contributes 20% of the purchase price and covers the taxes and social security contributions for the 20%. The related costs are recognised as personnel expenses.

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

The Germany segment comprises the Group's domestic business activities: the online brokerage of lotteries, the running of charity lotteries and the operation of games ('online games'). 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 start-ups under ZEAL Ventures.

Segment Reporting 2023	Germany	Other	Total
in € thousand			
Revenue	110,677	5,373	116,050
Other operating income	1,273	0	1,274
Personnel expenses	-21,323	-1,232	-22,555
Other operating expenses and exchange rate differences	-59,063	-2,801	-61,865
EBITDA	31,565	1,340	32,905
Amortisation/depreciation			-9,256
EBIT			23,649
Financial result			-1,347
Share of loss from associates			20
Net profit before taxes			22,322
Income taxes			-8,601
Net profit			13,721

Segment Reporting 2022	Germany	Other	Total
in € thousand			
Revenue	100,298	4,903	105,201
Other operating income	1,005	1,304	2,309
Personnel expenses	-17,257	-1,635	-18,892
Other operating expenses and exchange rate differences	-54,323	-2,637	-56,959
EBITDA	29,724	1,935	31,659
Amortisation/depreciation			-8,730
EBIT			22,928
Financial result			72
Share of loss from associates			-190
Net profit before taxes			22,810
Income taxes			-6,238
Net profit			16,572

4 Revenue

	2023	2022
in € thousand		
Ticket fees	48,486	43,236
Commissions	57,735	53,346
Lottery brokerage revenue	106,221	96,582
Other revenue	7,274	6,848
Revenue according to IFRS 15 from contracts with customers	113,495	103,430
Revenue according to IFRS 9 from operating online games	3,040	-
Revenue according to IFRS 9 from operating charity lotteries	-485	1,771
Revenue according to IFRS 9	2,555	1,771
Revenue	116,050	105,201

REVENUE ACCORDING TO IFRS 15

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 lotteries. 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.

REVENUE ACCORDING TO IFRS 9

Revenue according to IFRS 9 corresponds to the net presentation of revenue described in note 2.6 (II) and 2.6 (III) to the Consolidated Financial Statements. Depending on the amount of winnings and especially the number of jackpot wins from the charity lotteries in a given year, these revenues can be either positive or negative. In 2023, two jackpots were won in the charity lottery 'freiheit+' (2022: nil), which meant that the total amount won by customers exceeded the proportion of stakes received by ZEAL over the year for the distribution of winnings and that negative revenue was therefore recognised:

	2023	2022
in € thousand		
Proportion of stakes for payment of winnings	5,133	4,574
Jackpots won during the year (discounted)	-1,924	-
Changes in the discount rate	-	374
Other winnings	-3,694	-3,177
Revenue according to IFRS 9 from operating charity lotteries	-485	1,771

5 Other operating Income

	2023	2022
in € thousand		
Reimbursements	458	-
Income from winning tickets	425	479
Sublease income	273	215
Income from the release of dormant customer accounts	-	1,200
Release of provisions	-	153
Other income	118	261
Other operating income	1,274	2,309

Reimbursements relate to fees charged by the authorities in previous years in connection with the application for a licence to operate games (€268 thousand) as well as court costs in connection with the former fiscal court proceedings with the Hannover-Nord tax authority regarding a disputed VAT obligation (€190 thousand).

In the reporting period, income of €425 thousand (2022: €479 thousand) was recognised from winnings of tickets which the Group had purchased itself as part of its lottery club offering.

Sublease income relates to the recharging of ancillary costs from the subletting of offices rented by the Group in Hamburg (until 2022) and London.

In the previous year, the Group recognised income of €1,200 thousand relating to customer account balances in Spain where no activity had been recorded at least in the last 36 months and all procedures have been completed to contact the customer.

6 Personnel expenses

Personnel expenses incurred during 2023 are included in the table below:

	2023	2022
in € thousand		
Salaries	18,501	15,689
Pension expenses	972	887
Social security contributions	3,082	2,316
Total personnel expenses	22,555	18,892

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. Moreover, salaries in the fiscal year 2023 also include non-recurring costs of €639 thousand in connection with the departure of two Management Board members. Pension expenses include employer contributions to the statutory pension scheme and contributions to direct insurance policies.

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

Director and Employee Numbers	2023	2022
Management Board	4	4
General Managers	3	3
Employees	165	154
Total	172	161

7 Other operating expenses

in € thousand	2023	2022
Marketing expenses	36,016	34,126
Direct operating expenses	12,011	10,652
Indirect operating expenses	13,952	12,187
Other operating expenses	61,979	56,965

Among other things, marketing expenses include costs for the acquisition of new customers, as well as for customer loyalty measures and brand marketing.

Direct operating expenses are those expenses which are mainly incurred in operating the Group's lottery brokerage and games activities and primarily relate to product and payments processing costs.

Indirect operating expenses are all further other operating expenses and include legal and regulatory costs, office expenses and freelancer costs, as well as travel, training and entertaining costs.

The indirect operating expenses also include the total fee charged for the fiscal year by the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (now: EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft), Hamburg, and its affiliates, as presented in the table below:

in € thousand	2023	2022
Audit of financial statements	531	514 ¹
Other assurance services	4	4
Tax advisory services	-	-
Other services	-	-
Total auditor remuneration	535	518

¹ Thereof for the audit of financial statements in 2021: €47 thousand

8 Income and expenses from financial activities

	2023	2022
in € thousand		
Income from financial activities		
Dividends received	236	59
Interest income from bonds	160	35
Interest income from finance leases and gains from the disposal of right-of-use assets	53	123
Interest from tax prepayments	-	811
Impairment reversal of associates	-	411
Other income from financial activities	12	-0
	461	1,439
Expenses from financial activities		
Interest expenses from loans	-1,357	-288
Interest expenses from lease liabilities	-177	-227
Expenses from negative interest	-	-185
Other expenses from financial activities	-250	-45
	-1,783	-746

In the previous year, interest income from tax prepayment related to the interest accrued on the payment of €54.3 million made to the Hannover-Nord tax authority in January 2020. Due to the refund of the remaining receivable by the tax authority in January 2023, no further interest income was received. Further details are provided in note 18 to the Consolidated Financial Statements.

In 2022, the impairment losses of €411 thousand recognised in previous years for the associated company Cloud Canyon Limited were reversed. The write-up was made as part of the contribution of the held shares to SEVENCANYON Limited in exchange for shares in this company. The recoverable amount of Cloud Canyon Limited was based on the net realisable value of the shares received from SEVENCANYON Limited. Further details are provided in note 15 to the Consolidated Financial Statements.

In the reporting period, the Group recognised interest expenses of €1,357 thousand (2022: €288 thousand) from an interest-bearing instalment loan. Further details are provided in note 20 to the Consolidated Financial Statements.

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. As in the previous year, the applicable corporate income tax rate in 2023 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. As in the previous year, the effective trade tax on income rate for Hamburg in 2023 was 16.45%. As a result, the total tax rate amounts to 32.28% as in the previous year.

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 different foreign tax rates is included as a reconciling item in the reconciliation below.

Deferred taxes 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 2023, a total tax rate of 32.28% was used (31 December 2022: 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	2023	2022
in € thousand		
Current taxation:		
Charge for the year	4,744	3,400
Total current taxation	4,744	3,400
Deferred taxation:		
Charge for the year	3,857	2,838
Total deferred taxation	3,857	2,838
Total taxation expense (income statement)	8,601	6,238

	2023	2022
in € thousand		
Net profit before taxes	22,322	22,810
Expected tax charge at average tax rate of 32.28% (2022: 32.28%)	7,206	7,363
Non-deductible expenses	469	447
Adjustments in foreign tax rates	-31	-249
Tax loss utilisation	-42	-460
Effects from amortisation of consolidated intangible assets	-1,196	-1,196
Effect from unrecognised tax losses carried forward	2,289	344
Other	-94	-10
Total taxation expense	8,601	6,238
Effective tax rate	38.53%	27.35%

10 Property, plant and equipment

Cost	Office equipment	Hardware	Total
in € thousand			
As at 1 January 2022	1,826	5,011	6,837
Additions	5	866	871
Disposals	-	-56	-56
As at 31 December 2022	1,830	5,821	7,652
Additions	130	253	383
Disposals	-	-11	-11
As at 31 December 2023	1,960	6,063	8,024

Accumulated depreciation	Office equipment	Hardware	Total
in € thousand			
Accumulated depreciation as at 1 January 2022	-1,462	-4,758	-6,220
Provided during the year	-39	-293	-332
Disposals	-	56	56
Accumulated depreciation as at 31 December 2022	-1,501	-4,995	-6,496
Provided during the year	-52	-305	-357
Disposals	-	11	11
Accumulated depreciation as at 31 December 2023	-1,553	-5,289	-6,842

Book value	Office equipment	Hardware	Total
in € thousand			
As at 31 December 2022	329	825	1,155
As at 31 December 2023	407	774	1,182

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

11 Goodwill

On each reporting date, the ZEAL Group checks whether there are indications for an impairment of goodwill amounting to €158,585 thousand (2022: €158,585 thousand). Goodwill is tested for impairment at least once at the end of the fiscal year. 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 budgets for several years.

For the purpose of determining any impairment, goodwill is allocated to the lowest level of CGU which is monitored for internal management purposes. The Group has identified two CGUs, which correspond to the 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 average growth of billings from lotteries in the low double-digit percentage range (2022: medium single-digit percentage range), depending on the general conditions and especially the jackpot development. Moreover, it assumes an average jackpot development. For the detailed planning period, the Management Board also expects

that underlying average revenue growth will be in the low double-digit percentage range (2022: medium single-digit percentage range), and, with regard to EBITDA, anticipates high marketing investments for new customer acquisition as in the previous year.

For the discounting of cash flows in the detailed planning period, the Company used pre-tax cost of capital rates of 14.11% (2022: 15.50%) and 11.83% after taxes (2022: 11.52%), which were determined using the Capital Asset Pricing Model (CAPM).

For the end of the detailed planning period, the ZEAL Group applies a reconciled perpetual annuity based on the CAPM discounted with a weighted average pre-tax cost of capital (WACC) of 13.11% (2022: 14.50%) and 10.83% after taxes (2022: 10.52%). 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 in the previous year, no non-scheduled write-downs were recognised in the fiscal year 2023 as no impairment was detected in the course of the impairment test.

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 merely non-expected changes in the applied parameters would lead to impairment. As a result, subsequent adjustments to the assumptions do not yet lead to an impairment:

- Decrease in the EBITDA margin of 35%.
- Increase in cost of capital rates of 7 percentage points.
- Decrease in the EBITDA margin of 15% and increase in the cost of capital rates of 4 percentage points.

12 Intangible assets

Cost	Brand	Customer list	Software	Total
in € thousand				
As at 1 January 2022	66,007	88,387	29,437	183,831
Additions	500	-	58	558
Disposals	-	-	-2,221	-2,221
As at 31 December 2022	66,507	88,387	27,274	182,168
Additions	-	-	45	45
Disposals	-500	-	-	-500
As at 31 December 2023	66,007	88,387	27,319	181,713

Accumulated depreciation	Brand	Customer list	Software	Total
in € thousand				
Accumulated amortisation as at 1 January 2022	-	-19,384	-28,895	-48,279
Provided during the year	-250	-7,366	-113	-7,728
Disposals	-	-	2,190	2,190
Accumulated amortisation as at 31 December 2022	-250	-26,750	-26,818	-53,818
Provided during the year	-250	-7,366	-72	-7,688
Disposals	500	-	-	500
Accumulated amortisation as at 31 December 2023	-	-34,115	-26,890	-61,006

Book value	Brand	Customer list	Software	Total
in € thousand				
As at 31 December 2022	66,257	61,637	456	128,350
As at 31 December 2023	66,007	54,272	429	120,707

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

The remaining residual carrying amount of the brands relates exclusively to the LOTTO24 brand, which has no determinable useful life and is tested for impairment together with goodwill.

The customer base relates to the acquisition of LOTTO24 and is amortised over a remaining useful life of eight years. The remaining useful lives of the other intangible assets are between one and five years (2022: one and six years).

13 Deferred taxation

Deferred tax assets	Tax losses carried forward	Other temporary differences	Total
in € thousand			
As at 1 January 2022	10,867	1,042	11,908
Credited/charged to Consolidated Income Statement	-4,867	-94	-4,961
As at 31 December 2022	6,000	948	6,948
Credited/charged to Consolidated Income Statement	-5,872	-83	-5,955
As at 31 December 2023	128	865	993

Deferred tax liabilities	Temporary differences		Total
in € thousand			
As at 1 January 2022	48,437		48,437
Credited/charged to Consolidated Income Statement	-2,123		-2,123
As at 31 December 2022	46,314		46,314
Credited/charged to Consolidated Income Statement	-2,097		-2,097
As at 31 December 2023	44,217		44,217

Deferred tax assets mainly result from the recognition of loss carryforwards of €128 thousand (2022: €6,000 thousand), as well as from temporary differences between IFRS and tax accounting recognition of lease liabilities of €836 thousand (2022: €948 thousand).

Deferred tax liabilities mainly result from the recognition of intangible assets acquired in the course of the takeover of LOTTO24 AG amounting to €38,820 thousand (2022: €41,197 thousand) and from the different valuations of goodwill under IFRS and tax law amounting to €4,664 thousand (2022: €4,259 thousand), as well as from the recognition of a right of use asset from leases amounting to €733 thousand (2022: €859 thousand).

Total tax losses carried forward amount to €56,818 thousand as of 31 December 2023 (2022: €72,146 thousand), of which €38,597 thousand (2022: €38,597 thousand) from ZEAL Network SE resulting from the time of the relocation of its head office to London in 2014. The tax losses arose exclusively in the UK, Germany and Spain. The tax losses do not expire. With the exception of €448 thousand relating to losses carried forward by ZEAL Iberia S.L.U, deferred tax assets were not recognised in respect of these losses in 2023 as there is currently uncertainty as to whether the related entities will generate sufficient taxable profit in the future against which the losses of €56,370 thousand at present (2022: €51,970 thousand) could be utilised. In the previous year, there were still losses carried forward relating to LOTTO24 AG corporate tax and trade tax of €19,089 thousand and €16,466 thousand, which were fully utilised in the reporting period.

As at 31 December 2023, the temporary difference between net assets and the tax bases of subsidiaries and associated companies (outside basis differences) amounted to €36 million (2022: €97 million). Accordingly, €0.6 million (2022: €1.7 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 Interest-bearing bond

On 10 October 2022, LOTTO24 AG purchased a bond amounting to €5,000 thousand with Hamburger Sparkasse AG, which was recognised as an interest-bearing loan and developed as follows:

	31.12.2022	Purchased	Cash Repaid	Interest paid	Accrued interest	Non-cash Change in fair value	Transfers	31.12.2023
in € thousand								
Interest-bearing bond (short-term)	35	-	-	-87	160	-	-	108
Interest-bearing bond (long-term)	5,000	-	-	-	-	-	-	5,000
Total interest-bearing bond	5,035	-	-	-87	160	-	-	5,108

	31.12.2021	Purchased	Cash Repaid	Interest paid	Accrued interest	Non-cash Change in fair value	Transfers	31.12.2022
in € thousand								
Interest-bearing bond (short-term)	-	-	-	-	35	-	-	35
Interest-bearing bond (long-term)	-	5,000	-	-	-	-	-	5,000
Total interest-bearing bond	-	5,000	-	-	35	-	-	5,035

The effective interest rate is 3.1%. The bond matures on 30 April 2025 and is repayable in one instalment on maturity. Accrued interest is recognised as other financial assets.

15 Other investments

	2023	2022
in € thousand		
As at 1 January	15,424	14,666
Additions	627	411
Fair value adjustment through profit or loss	-64	-246
Fair value adjustment through OCI	-3,776	593
thereof Omaze Inc.	-3,298	-16
thereof SEVENCANYON Limited	-1,254	-140
thereof Pick Media Limited	-1,105	749
thereof Circl Gaming Limited	-627	-
As at 31 December	12,211	15,424

15.1 RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS

In December 2021, the companies eSailors Limited, Smartgames Technologies Limited and Lottovate Limited were put into liquidation. As they were placed under the administration of a liquidator, the Group lost control over these three companies and deconsolidated them. The Group had recognised the fair value of these companies amounting to €989 thousand as other investments. The fair value at the date of deconsolidation was measured using a present value technique (level 3) and essentially corresponded to the cash and cash equivalents held by these companies of €773 thousand. As at 31 December 2023, fair value was restated at €679 thousand (2022: €743 thousand). The adjustment of €64 thousand (2022: €246 thousand) was recognised through profit or loss in the financial result (gain/loss on financial assets).

15.2 RECOGNISED AT FAIR VALUE THROUGH OCI

ZEAL holds investments in Omaze Inc., Pick Media Limited ('Pick my Postcode' or 'PMP'), SEVENCANYON Limited and Circl Gaming Limited. As the investments were acquired for long term strategic purposes, the Group made an irrevocable decision on initial recognition to carry them at fair value through other comprehensive income.

CIRCL GAMING LIMITED

In 2023, the Group invested €627 thousand (£ 550 thousand) in shares of Circl Gaming Limited, Huddersfield (UK). In the course of the year, the Group determined that the future cash flows originally expected from this investment were unlikely to materialise. For this reason, the shares were carried at a value of zero as of 31 December 2023.

OMAZE INC.

In 2017, the Group invested €1,843 thousand (US\$2,000 thousand) in the start-up Omaze Inc., based in Los Angeles, USA, which offers an online house lottery under the 'Omaze' brand in the UK to support good causes. The Group received preferred shares representing a 2.5% interest as well as various rights to protect its shareholding. Between 2019 and 2021, other investors acquired stakes in the company and due to dilution effects the Group's interest as at 31 December 2023 amounted to 1.6%. As at 31 December 2023, the fair value was remeasured at €9,537 thousand (2022: €12,835 thousand). A corresponding adjustment of €3,298 thousand was recognised in other comprehensive income.

PICK MEDIA LIMITED

In 2016, the Group acquired for €1,198 thousand (£1,000 thousand), a 10% interest in Pick Media Limited, London, UK. Pick Media Limited operates one of the world's largest free ad- and survey-funded daily draws, Pick My Postcode, and operates the survey site 'Findoutnow'.

SEVENCANYON LIMITED

In 2018, the Group invested €113 thousand (£100 thousand) for a 5% interest in Cloud Canyon Limited, London (UK). Cloud Canyon Limited owned and operated various online gaming sites including wshful.com (lottery syndicates) and odurn.com (charity raffles in the luxury fashion sector). In 2019, the Group increased its investment in Cloud Canyon Limited from 5% to 20%. Following the increase, the stake was accounted for as an investment in an associate using the equity method in the Consolidated Financial Statements. At 31 December 2020, the Group determined that the carrying value of Cloud Canyon Limited was no longer supported by its expected future cash flows. The previously existing carrying amount of €418 thousand was therefore completely impaired. On 25 May 2022, the stake in Cloud Canyon Limited was contributed to a new company, SEVENCANYON Limited, London, UK. In return, ZEAL received 3.5% of SEVENCANYON Limited. The fair value of the Group's interest in the new company of €411 thousand was determined using a DCF method and recognised in profit or loss as financial income from the impairment reversal of associates in 2022.

VALUATION OF OTHER INVESTMENTS

Measurement of the fair value of ZEAL's investments is generally based on market prices (level 2) if these are available. As there were no further transactions in the reporting period for Omaze Inc., Pick Media Limited and SEVENCANYON Limited and Circl Gaming Limited, discounted cash flow models (level 3) were used to calculate the fair value (enterprise value) of the investment.

Due to the complex shareholding structure, the fair value of Omaze Inc. was also measured using an option pricing model (OPM).

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. As in the previous year, a terminal value has been applied to the specific cases using an underlying perpetual growth rate of 1–2%. 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.

The key inputs in the Omaze Inc., Pick Media Limited and SEVENCANYON Limited reference valuation as at 31 December 2023 and their sensitivity are shown below:

Investment	Valuation technique	Significant unobservable input	Value	Range	Sensitivity of the input to fair value
Omaze Inc.	DCF and OPM	WACC	15.23%	3%	A 3% increase (decrease) in the WACC would result in a decrease in fair value of around €2,144 thousand (increase of around €3,478 thousand).
Omaze Inc.	DCF and OPM	EUR/USD exchange rate	1.11	10%	An increase (decrease) in the value of the euro against the USD would result in a decrease in fair value of €888 thousand (increase of €1,086 thousand).
Pick Media Limited	DCF	WACC	20%	3%	A 3% increase (decrease) in WACC would result in a decrease in fair value of around €51 thousand (increase of around €72 thousand).
Pick Media Limited	DCF	EUR/GBP exchange rate	0.87	10%	An increase (decrease) in the value of the euro against the GBP would result in a decrease in fair value of €31 thousand (increase of €38 thousand).
SEVENCANYON Limited	DCF	WACC	23%	3%	A 3% increase (decrease) in the WACC would result in a decrease in fair value of around €198 thousand (increase of around €259 thousand).
SEVENCANYON Limited	DCF	EUR/GBP exchange rate	0.87	10%	An increase (decrease) in the value of the euro against the GBP would result in a decrease in fair value of €150 thousand (increase of €183 thousand).

The key inputs in the Omaze Inc., Pick Media Limited and SEVENCANYON Limited reference valuation as at 31 December 2022 and their sensitivity are shown below:

Investment	Valuation technique	Significant unobservable input	Value	Range	Sensitivity of the input to fair value
Omaze Inc.	DCF and OPM	WACC	25%	3%	A 3% increase (decrease) in the WACC would result in a decrease in fair value of around €1,848 thousand (increase of around €3,694 thousand).
Omaze Inc.	DCF and OPM	EUR/USD exchange rate	1.07	10%	An increase (decrease) in the value of the euro against the USD would result in a decrease in fair value of €1,166 thousand (increase of €1,426 thousand).
Pick Media Limited	DCF and OPM	WACC	20%	3%	A 3% increase (decrease) in WACC would result in a decrease in fair value of around €142 thousand (increase of around €16 thousand).
Pick Media Limited	DCF and OPM	EUR/GBP exchange rate	0.89	10%	An increase (decrease) in the value of the euro against the GBP would result in a decrease in fair value of €131 thousand (increase of €161 thousand).
SEVENCANYON Limited	Market value	EUR/GBP exchange rate	0.89	10%	An increase (decrease) in the value of the euro against the GBP would result in a decrease in fair value of €36 thousand (increase of €44 thousand).

In 2023, dividend income from investments of €236 thousand was recognised (2022: €59 thousand).

16 Shares in associated companies

The Group has invested in two associated companies: Furlong Gaming Limited and TH Travel Limited. In the fiscal year 2023, shares in associated companies developed as follows:

	2023	2022
in € thousand		
As at 1 January	675	272
Additions	-	594
Share in gain/loss of associated companies	20	-190
Impairment reversal	-	411
As at 31 December	695	675

In the previous year, the Group increased its investment in TH Travel Limited by €594 thousand in total (£500 thousand) from 34.0% to 37.6%.

In the fiscal year 2022, the impairment losses of €411 thousand recognised in previous years for the associated company Cloud Canyon Limited were reversed. The write-up was made as part of

the contribution of the held shares to SEVENCANYON Limited in exchange for shares in this company. The recoverable amount of Cloud Canyon Limited was based on the net realisable value of the shares received from SEVENCANYON Limited. Further details are provided in note 15 to the Consolidated Financial Statements.

17 Other current financial assets

Other current financial assets include the following:

	2023	2022
in € thousand		
Receivables from gaming operations	22,071	12,263
Security retainers	3,058	2,798
Security fund	1,988	1,660
Securities	349	327
Other	848	646
Other current financial assets	28,315	17,694

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. The security fund contains the remaining gaming fees from the draws of charity lotteries which must be distributed at a later date. Further details on the security fund are presented in note 2.6 (II) to the Consolidated Financial Statements.

As in the previous year, all current financial assets have a remaining term of less than one year. Also as in the previous year, no impairment losses were recognised as at the balance sheet date since no significant losses were expected.

18 Other current assets

Other current assets include the following:

	2023	2022
in € thousand		
Advance payment to the tax office	-	56,344
Other VAT receivables	541	358
Miscellaneous other current assets	86	33
Other current assets	626	56,736

Following an agreement of myLotto24 Limited with the tax authority 'Hannover-Nord' in December 2019, myLotto24 Limited had made an interim payment of €54,316 thousand on the disputed VAT liability to the German tax authorities in January 2020 in order 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 assumed that the finance court proceeding would be settled in the last instance in favour of the Group. In its ruling on 12 August 2022, the German Federal Fiscal Court dismissed the appeal of the Hannover-Nord tax authority against the decision of the Hanover Fiscal Court of November 2019 with final effect in favour of myLotto24 Limited. In compliance with section 233a (2) of the German Tax Code

('Abgabenordnung' – AO), the VAT paid and the respective accrued interest was refunded to myLotto24 Limited in early 2023. In the fiscal year 2020, the Group recognised an asset for this payment. The effective interest rate used for measurement was 1.26% and took into account the interest rate applied by the tax authority (1.8% per annum) and an interest-free grace period of 15 months for the assessment period 2018 and 21 months for the assessment period 2019 (from the end of the year when the VAT was due according to the tax authority). The present value of the receivable from the tax authority at 31 December 2022 amounted to €56,344 thousand (31 December 2023: nil).

The asset value for the advance payment developed as follows:

	2023	2022
in € thousand		
As at 1 January	56,344	55,534
Refund	-56,344	-
Interest income from tax prepayments	-	811
As at 31 December	-	56,344

19 Cash and cash equivalents

	2023	2022
in € thousand		
Bank balances	57,116	60,641
Cash on hand	3	1
Short term deposits	585	567
Cash and cash equivalents	57,704	61,209

Total cash and cash equivalents on 31 December 2023 amounted to €57,704 thousand (2022: €61,209 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 €57,116 thousand (2022: €60,641 thousand) are customer payments to their game accounts and winnings not yet distributed amounting to €13,581 thousand (2022: €13,619 thousand).

At 31 December 2023, the ZEAL Group held shares in short-term deposits amounting to €585 thousand (2022: €567 thousand). These investments can be terminated at any time and are not subject to any significant fluctuations in value.

20 Liabilities from financing activities

	31.12.2022	Cash			Accrued interest	Non-cash		31.12.2023
		Drawn	Repaid	Interest paid		Change in fair value	Transfers	
in € thousand								
Interest-bearing loans (short-term)	4,675	-	-4,675	-1,357	1,357	-	7,175	7,175
Interest-bearing loans (long-term)	22,938	-	-	-	-	-	-7,175	15,763
Total interest-bearing loans	27,612	-	-4,675	-1,357	1,357	-	-	22,937
Lease liabilities (short-term)	1,492	-	-1,510	-177	177	676	1,716	2,374
Lease liabilities (long-term)	3,630	146	-	-	-	328	-1,716	2,388
Total lease liabilities	5,122	146	-1,510	-177	177	1,004	-	4,762

	31.12.2021	Cash			Accrued interest	Non-cash Change in fair value	Transfers	31.12.2022
		Drawn	Repaid	Interest paid				
in € thousand								
Interest-bearing loans (short-term)	1,088	-	-1,088	-161	161	-	4,675	4,675
Interest-bearing loans (long-term)	7,613	20,000	-	-	-	-	-4,675	22,938
Total interest-bearing loans	8,700	20,000	-1,088	-161	161	-	-	27,612
Lease liabilities (short-term)	2,009	-	-1,974	-227	227	66	1,391	1,492
Lease liabilities (long-term)	4,924	-	-	-	-	97	-1,391	3,630
Total lease liabilities	6,933	-	-1,974	-227	227	163	-	5,122

As at year-end 2023, ZEAL had drawn €28,700 thousand (2022: €28,700 thousand) of an instalment loan negotiated in the previous year with an original volume of €50,000 thousand. The remaining amount can no longer be drawn.

The change in the fair value of lease liabilities is due to rent adjustments for the offices in London and the normal annual index adjustments for the offices in Hamburg. Further details on lease liabilities are presented in note 27 to the Consolidated Financial Statements.

21 Other financial liabilities

Other non-current financial liabilities include the following:

Non-current	2023	2022
in € thousand		
Non-current share of winnings from 'freiheit+'	5,310	4,272
Other non-current financial liabilities	5,310	4,272

The non-current liabilities to customers amounting to €5,310 thousand (2022: €4,272 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	2023	2022
in € thousand		
Liabilities to customers and lottery companies	33,548	21,278
Current share of winnings from 'freiheit+'	361	325
Contract liabilities	373	182
Other current financial liabilities	34,282	21,786

22 Other current liabilities

Other current liabilities include the following:

	2023	2022
in € thousand		
Other employee benefits	2,823	2,308
VAT	2,388	2,156
Share-based remuneration	1,519	1,252
Supervisory Board remuneration	637	627
Payroll related taxes and social security contributions payable	455	368
Liabilities from virtual slot machine tax	487	-
Other current liabilities	182	192
Total other current liabilities	8,491	6,904

23 Provisions

	Opening balance 01.01.2023	Utilised	Transfer	Release	Additions	Discoun- ting	Closing balance 31.12.2023
in € thousand							
Provisions for Austrian gaming duty	104	-108	123	-	-	-	119
Other short-term provisions	-	-	-	-	589	-	589
Total short-term provisions	104	-108	123	-	589	-	708
Provisions for Austrian gaming duty	2,206	-	-123	-	146	51	2,280
Provisions for share-based payments	1,512	-	-1,519	-	1,681	-	1,675
Provisions for dismantling obligations	266	-	-	-	-	-	266
Total long-term provisions	3,983	-	-1,642	-	1,827	51	4,221
Total provisions	4,087	-108	-1,519	-	2,416	51	4,928

PROVISIONS FOR AUSTRIAN GAMING DUTY

The provision for €2,399 thousand at 31 December 2023 (2022: €2,310 thousand) represents the Management Board's best estimate of the probable cash outflow for expected taxation of gross stakes in previous years. In 2023 and 2022, no more revenue was generated from the secondary lottery business. Against this background and because the risk of a cash outflow still exists, the estimate of the gaming duty to be paid remains unchanged. The addition of €146 thousand relates to the increase in estimated interest expense. 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 2024 under this programme was transferred to other current liabilities. The addition corresponds to the expense for the year.

PROVISIONS FOR DISMANTLING OBLIGATIONS

The provision for €266 thousand at 31 December 2023 (2022: €266 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.

24 Equity

24.1 SHARE CAPITAL

The Company's share capital as at 31 December 2023 consisted of 22,396,070 issued and fully paid no-par value ordinary shares (2022: 22,396,070). The shares have a nominal value 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.

24.2 AUTHORISED CAPITAL

The Management Board is not currently authorised to issue new shares. In particular, the Company has neither authorised nor conditional capital.

24.3 CAPITAL RESERVES

As at 31 December 2023, capital reserves amounted to €194,163 thousand (2022: €279,952 thousand), and included a free capital reserve in accordance with section 272 (2) no. 4 HGB amounting to €125,106 thousand. As at 31 December 2023, the capital reserve also included the statutory reserve in accordance with section 150 (2) AktG amounting to €2,240 thousand (2022: €2,240 thousand). The decrease of €85,789 thousand is mainly due to a drawing from capital reserves of €85,756 thousand, which was added to the balance sheet profit to enable the dividend payment. The remaining difference of €33 thousand results from the sale of treasury shares under the Employee Stock Purchase Plan. Further details are presented in note 2.19 (V) to the Consolidated Financial Statements.

24.4 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 (2022: 5.1%).

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 2023:

	2023	2022
in € thousand		
Non-current assets	129,401	143,313
Current assets	69,742	57,965
Non-current liabilities	46,323	48,779
Current liabilities	44,840	34,100
Equity	107,980	118,399
Revenue	118,111	104,049
EBITDA	33,806	26,596
EBIT	25,286	18,109
Net profit	16,956	11,868

	2023	2022
in € thousand		
Cash flow from operating activities	28,598	26,908
Cash flow from investing activities	-279	-6,753
Cash flow from financing activities	-27,950	-24,783
Change in available funds	370	-4,628

24.5 TREASURY SHARES

The number of treasury shares developed as follows:

	2023	2022
As at 1 January	743,118	32,569
Purchase in the course of the share repurchase offer	-	714,285
Sale to employees	-4,224	-3,736
As at 31 December	738,894	743,118

With a resolution of the Annual General Meeting on 30 June 2022, the Management Board was authorised to acquire treasury shares amounting to up to 10% of the share capital of ZEAL Network SE up to 29 June 2027. In 2022, the Management Board made partial use of this authorisation by means of a share repurchase offer and acquired 714,285 treasury shares at a price of €28.00 per share, corresponding to a total purchase price of €20,000 thousand.

In 2023, the Group sold 4,224 (2022: 3,736) treasury shares to its employees for at a price of €35.43 per share (2022: €38.24).

24.6 EARNINGS PER SHARE

In the fiscal year 2023, earnings per share (basic and diluted) amounted to €0.59 (2022: €0.72).

The weighted average number of shares in 2023 was 21,656,120 (2022: 22,304,795). The development results exclusively from the change in treasury shares.

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 2023, there was no dilutive effect as there were no such programs (2022: no dilutive effect).

24.7 OTHER RESERVES

Other reserves at 31 December 2023 amounted to €7,290 thousand (2022: €11,066 thousand) and include the legal reserve in Zeal Iberia S.L.U. of €82 thousand (2022: €82 thousand) and the cumulative fair value movement in equity instruments (as recorded within other investments) of €7,208 thousand (2022: €10,984 thousand).

24.8 RETAINED EARNINGS

Retained earnings represents the cumulative income and expenses recorded by the Group since inception.

25 Subsidiaries

The list below includes all subsidiary undertakings. The principal country in which each operates is the same as the country in which it 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	
				2023	2022
myLotto24 Limited, London	United Kingdom	Lottery	Subsidiary	100	100
Tipp24 Services Limited, London	United Kingdom	Support services	Subsidiary	100	100
Tipp24 Deutschland GmbH, Hamburg	Germany	Lottery	Subsidiary	100	100
Lottovate Deutschland GmbH, Hamburg	Germany	Lottery	Subsidiary	100	100
Zeal Iberia S.L.U, Madrid	Spain	Lottery	Subsidiary	100	100
Smartgames Technologies Limited ¹ , London	United Kingdom	Liquidated	Subsidiary	-	100
Lottovate Limited ¹ , London	United Kingdom	In liquidation	Subsidiary	100	100
eSailors Limited ¹ , London	United Kingdom	In liquidation	Subsidiary	100	100
Geonomics Global Games Limited ¹ , London	United Kingdom	Liquidated	Subsidiary	-	100
myLotto24 South Africa ¹ Pty Ltd, Cape Town	South Africa	In liquidation	Subsidiary	100	100
ZEAL Instant Games Limited ² , Valletta	Malta	Support services	Subsidiary	100	100
LOTTO24 AG, Hamburg	Germany	Lottery brokerage	Subsidiary	95	95

¹ Deconsolidated company. Further details can be found in note 15 to the Consolidated Financial Statements.

² The company name of myLotto24 Ltd (Malta) was changed to ZEAL Instant Games Limited in fiscal year 2023.

26 Share-based payments

The Group operates a long-term incentive plan arrangement for certain employees that provides a cash payment to the those entitled based on an individual base amount. This amount 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 one to three years and is then payable after three years. 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 carrying amount of the liability relating to the long-term incentive plan at 31 December 2023 was €3,193 thousand (2022: €2,764 thousand). Of this amount, €1,519 thousand (2022: €1,252 thousand) represents virtual shares exercisable on 31 December 2023 and is recognised as other current liabilities. The total expense recognised for the long-term incentive plan was €1,681 thousand (2022: €1,004 thousand), of which €175 thousand relate to virtual shares exercisable on 31 December 2023 (2022: €37 thousand). Movements in the number of virtual shares awarded can be found below:

	2023	2022
Outstanding at the beginning of the year	111,675	130,046
Granted during the year	51,864	29,130
Exercised in the year	-47,849	-47,501
Forfeited in the year	-	-
Outstanding at the end of the year	115,690	111,675
Exercisable at 31 December	35,340	47,507

The weighted average remaining contractual life of the outstanding awards is 1.19 years (2021: 0.83 years).

The following share prices were used to calculate the provision:

	2023	2022
in €		
Share price used to determine the number of virtual shares granted		
Plan 2021	40.61	40.61
Plan 2022	38.60	38.60
Plan 2023	26.87	n.a.
Share price used to determine the final payout – Plan 2021 (2022: Plan 2020)	31.09	26.88
Share price used to calculate the provision during the vesting period	32.25	28.45

27 Leases

27.1 AS A LESSEE

The Group leases assets including office space and machinery.

The Group has leased office space in London, whose lease ends in July 2028. According to the contract, however, the Group can terminate it prematurely on 23 June 2025. The Group plans to exercise the early termination option and the IFRS 16 calculation has been prepared based on the lease ending in 2025. Should the Group not exercise the termination option, an amount of €4,384 thousand (GBP 3,814 thousand) would be due for the period 23 June 2025 to the end of the lease. As stipulated in the lease, a rent review was initiated in 2023, the results of which were still outstanding as at 31 December 2023. However, the Group expects a rent increase that will affect all rental payments as of July 2023. The lease liability was remeasured in line with the expected change in payments until the end of the lease. This resulted in an increase in the lease liability of €838 thousand, which the Group recognised as an adjustment to the right-of-use asset. In accordance with the sublease agreement, the Group can only pass on part of the rent

increase to the subtenants. The expected change in payments received results in an increase in the receivable from finance leases of €216 thousand, which was derecognised from the right-of-use asset. The remaining right-of-use asset amounting to €621 thousand was directly impaired and derecognised.

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	Total
in € thousand		
As at 1 January 2022	6,373	6,373
Additions	270	270
Disposals	-2,143	-2,143
As at 31 December 2022	4,500	4,500
Additions	937	937
Disposals	-621	-621
As at 31 December 2023	4,816	4,816

Accumulated depreciation and impairment	Property	Total
in € thousand		
As at 1 January 2022	-2,535	-2,535
Additions	-669	-669
Disposals	1,365	1,365
As at 31 December 2022	-1,839	-1,839
Additions	-1,211	-1,210
Disposals	621	621
As at 31 December 2023	-2,429	-2,428

Book value	Property	Total
in € thousand		
As at 31 December 2022	2,661	2,661
As at 31 December 2023	2,388	2,388

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:

	2023	2022
in € thousand		
Interest on lease liabilities	177	227
Expenses relating to leases of low value assets, excluding short-term leases of low value items	17	14
Depreciation on right of use assets	1,211	670
thereof impairment	621	-

The effect on the Consolidated Statement of Cash Flows was as follows:

	2023	2022
in € thousand		
Cash outflow from operating activities	-194	-290
Cash outflow from financing activities	-1,510	-1,974

27.2 AS A LESSOR

In March 2020, the Group entered into an agreement to sublet a part of its London office. This lease was classified as a finance lease as the sublease was concluded for the major part of the remaining term of the main lease agreement. As a result, the Group released the corresponding right of use asset, amounting to €2,410 thousand, in 2020 and recognised a receivable 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 May 2022, the Group entered into an agreement to sublet the remaining part of its office space and as a result derecognised the corresponding right-of-use asset amounting to €778 thousand in 2022

and recognised a net investment of €813 thousand (€89 thousand current and €724 thousand non-current). This resulted in a gain on disposal of €35 thousand.

The effect of the rent review in progress as at 31 December 2023 on the finance lease receivable is explained in note 27.1 to the Consolidated Financial Statements.

In 2023, the Group recognised interest income from these sub-leases of €53 thousand (2022: €123 thousand).

The following table sets out a maturity analysis of payments from finance leases as at 31 December 2023:

	Future payment from finance lease	Unrealised finance income (compounding)	Present value of the lease payment at the balance sheet date
2023			
in € thousand			
In the first year	1,520	-39	1,480
Short-term receivable from finance lease	1,520	-39	1,480
In the second year	256	-2	254
Long-term receivable from finance lease	256	-2	254
Total	1,776	-41	1,734

The following table sets out a maturity analysis of payments from finance leases as at 31 December 2022:

	Future payment from finance lease	Unrealised finance income (compounding)	Present value of the lease payment at the balance sheet date
2022			
in € thousand			
In the first year	971	-77	894
Short-term receivable from finance lease	971	-77	894
In the second year	1,212	-35	1,177
In the third year	224	-2	222
Long-term receivable from finance lease	1,436	-37	1,399
Total	2,407	-114	2,293

28 Dividends

At the Annual General Meeting on 27 May 2024, the Management Board and Supervisory Board will propose a dividend of €1.10 per share (2022: €3.60 per share), representing a total payout to shareholders of around €23.8 million (2022: €78.0 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

On 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 had arisen over the tax treatment of a registered office relocation in the context of the UK's exit from the EU ('Brexit').

Following this assessment, the Management Board continues to believe that there is no overwhelming probability of an outflow of funds and consequently no corresponding provision has been recognised. As there is a residual risk of payment, a contingent liability of €2,700 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. There was no change to this assessment in 2023.

OTHER FINANCIAL COMMITMENTS

In 2023, the Group had financial commitments from contracts, including cooperation agreements. As at 31 December 2023, the ZEAL Group had other commitments of €4,234 thousand (2022: €6,160 thousand), mainly relating to the cooperation agreement with ONCE, which are due between 2024 and 2026.

30 Related parties

Disclosures on the remuneration of board members and any transactions with them are included in the Remuneration Report and in notes 33.1 and 33.2 to the Consolidated Financial Statements. Business transactions between ZEAL and its subsidiaries listed in note 25, which are to be regarded as related parties, were eliminated through consolidation and are therefore not explained in the notes to the Consolidated Financial Statements. Business relationships with associated companies are on the whole of minor significance.

As of 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, as well as ZEAL's 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) since 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, which is disclosed in revenue. 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 2023, the Group received revenue of €409 thousand (2022: €252 thousand) from this business relationship. Receivables at the end of the year amounted to €36 thousand (2022: €48 thousand).

31 Capital management

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 €22,938 thousand (2022: €27,612 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, the funding of further organic growth in line with the strategic objectives and the payment of dividends to third parties.
- ZEAL can continue to leverage its financial position to secure funding for organic and inorganic growth as well as for further equity measures. ZEAL has a revolving credit facility for an amount of €15,000 thousand, of which €5,000 thousand has been utilised to date as part of the granting of a guarantee facility by Commerzbank. In addition, ZEAL has an instalment loan facility with a volume of €20,000 thousand, which had not been drawn as at the end of 2023, as well as a current instalment loan with a volume of €28,700 thousand.

The capital capacities 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 fiscal 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.

The following table shows the carrying amounts and fair values by category of all the Group's financial instruments included in the Consolidated Financial Statements, except for those whose carrying amounts are reasonable approximations of fair value:

in € thousand	Level	Valuation technique	2023		2022	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Interest-bearing bond	3	AC	5,108	5,073	5,035	4,933
Other investment	2	FVOCI	-	-	396	396
Other investment	3	FVOCI	11,533	11,533	14,285	14,285
Other investment	3	FVPL	679	679	743	743
Securities	1	FVPL	349	349	327	327
Short-term deposits	1	FVPL	585	585	567	567
			18,254	18,219	21,353	21,251
Financial liabilities						
Interest-bearing financial loans	3	AC	-22,938	-22,938	-27,612	-27,612
Winnings from 'freiheit+'	3	FVPL	-5,671	-5,671	-4,597	-4,597
			-28,608	-28,608	-32,209	-32,209

Other investments are classified and measured at fair value through other comprehensive income (FVOCI), with the exception of investments in liquidation, which are classified and measured at fair value through profit or loss (FVPL). At 31 December 2023, the fair value of these investments was €12,211 thousand (2022: €15,424 thousand). For an explanation of the method used to determine the fair value of the underlying businesses ZEAL has invested in, please see note 15 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.

In the fiscal year 2022, the other investment Omaze Inc. was reclassified from level 2 to level 3. In the fiscal year 2023, there were no further transfers between level 1, level 2 and level 3 fair value measurements.

The fair value of the interest-bearing financial loan is almost equal to its carrying amount, as the Group has an instalment loan facility with an amount of €20,000 thousand with the same standard market conditions as at 31 December 2023 that it can draw.

32.2 CREDIT RISK

The scope of the credit risk of ZEAL equals the sum of cash, cash equivalents and other short-term shares in investment 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 and cash equivalents 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:

in € thousand	2023	2022
Impairment loss on receivables from gaming operations	-	-
Impairment loss on trade receivables	778	614
Impairment loss on cash and other financial assets	-	-
Total impairment loss	778	614

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.

The overriding objective of the Group's investment strategy is to preserve capital – even at the expense of expected returns. 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.

In order to spread and minimise risk by means of multi-dimensional diversification, funds are divided into differing investment products, such as short-term deposits, highly fungible corporate bonds from 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.

	2023	2022
in € thousand		
As at 1 January	352	382
Net re-measurement of loss allowance	778	614
Amounts written off	-70	-644
As at 31 December	1,060	352

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.

CONTINGENT ASSETS

There are no contingent assets.

TRADE RECEIVABLES

The Group mainly collects the amounts owed by customers directly, via direct debit or credit card. Missing amounts due to 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 2023, €1,060 thousand (2022: €352 thousand) of receivables from customer direct debits or credit card payments were impaired. The Group recognises impairments for failed payments as soon as they occur. Efforts to recover the amounts are continued for six weeks. Receivables are fully written off in the event that no payment can 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:

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:

As at 31 December 2023	Within 1 year	Within 1–3 years	Within 3–5 years	Over 5 years	Total
in € thousand					
Trade payables	3,613	–	–	–	3,613
Interest-bearing loans	8,490	14,502	2,560	–	25,552
Other financial liabilities	34,282	1,080	1,080	4,230	40,672
Lease liability	2,515	1,845	635	–	4,995
Total	48,900	17,427	4,275	4,230	74,832

As at 31 December 2022	Within 1 year	Within 1–3 years	Within 3–5 years	Over 5 years	Total
in € thousand					
Trade payables	3,792	–	–	–	3,792
Interest-bearing loans	6,396	16,513	9,039	–	31,948
Other financial liabilities	21,929	840	840	3,515	27,124
Lease liability	1,666	2,571	1,248	–	5,485
Total	33,783	19,924	11,127	3,515	68,349

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. The bond purchased in 2022 also has a fixed term and fixed interest rates were also agreed for the subscribed bond in 2022. By contrast, an interest rate based on the EURIBOR was agreed for the instalment loan concluded in 2021; accordingly, the ZEAL Group also bears the risk of an increase in the interest rate. A sensitivity analysis was taken for the portfolio of cash, cash equivalents and loans held on 31 December 2023 with an interest rate increase or decrease of 100 basis points. Assuming no changes are made to the portfolio in response to the interest rate change, the net interest expense would rise by €229 thousand (2022: €267 thousand) if the interest rates increased by 100 basis points. In the case of an interest rate decrease of 100 basis points, the net interest expense would fall by €229 thousand (2022: €267 thousand).

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 2023.

On the basis of this assumption, a 10% increase in the value of the euro against the British pound would result in a negative effect of €79 thousand (2022: positive effect of €66 thousand) on earnings. A devaluation of 10% would result in a positive effect of €90 thousand (2022: negative effect of €45 thousand) on earnings.

In the year ended 31 December 2023, there was a loss from foreign exchange movements on financial instruments of €114 thousand (2022: €6 thousand).

Short-term investments currently held do not bear any material currency risk.

33 Other disclosures

33.1 MANAGEMENT BOARD

In the fiscal year 2023, the Management Board of ZEAL comprised the following members:

- Helmut Becker (Chief Executive Officer).
- Paul Dingwitz (Chief Technology Officer).
- Sönke Martens (Chief Operations Officer until 30 November 2023).
- Jonas Mattsson (Chief Financial Officer until 30 September 2023).
- Sebastian Bielski (Chief Financial Officer from 1 October 2023).

The members of the Management Board work on a full-time basis. Their remuneration in fiscal year 2023 comprised the following elements and is included in current other liabilities and non-current provisions.

Management Board remuneration	2023	2022
in € thousand		
Short-term benefits	2,790 ¹	2,310
Post-employment benefits (pension benefits and medical care)	45	23
Share-based payments	1,263	929
Other remuneration	358	-
Total Management Board remuneration	4,456	3,262

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 2023, short-term benefits of €983 thousand (2022: €455 thousand) and share-based payments of €2,682 thousand (2022: 2,370 thousand) were outstanding. Total remuneration according to section 314 (1) no. 6 HGB (excluding pension expenses) amounts to €4,411 thousand (2022: €3,239 thousand).

33.2 SUPERVISORY BOARD

The following persons held seats on the Supervisory Board of ZEAL in fiscal year 2023:

- Peter Steiner (Chairman of the Supervisory Board).
- Oliver Jaster (Deputy Chairman).
- Thorsten Hehl (regular member).
- Jens Schumann (regular member).
- Frank Strauß (regular member).
- Kenneth Chan (regular member, since 26 January 2023).

Kenneth Chan was appointed by court as a member of the Supervisory Board on 26 January 2023.

The total remuneration of the Supervisory Board of ZEAL in the fiscal year 2023 amounted to €637 thousand (2022: €627 thousand); this includes €88 thousand (2022: €88 thousand) for Supervisory Board remuneration granted by other Group companies. As at 31 December 2023, €637 thousand was outstanding (2022: €627 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 2019.

Morgan Stanley, Wilmington, Delaware, United States of America, notified us after the balance sheet date that on 1 February 2024 its share of voting rights in the Company amounted to 14.11% (3,160,678 voting rights of 22,396,070). According to section 34 WpHG, 14.11% (3,160,678 voting rights) are attributable to Morgan Stanley. 3% or more of voting rights are held by Morgan Stanley & Co. International plc at the stated time. In addition, Morgan Stanley & Co. International plc holds instruments within the meaning of section 38 (1) number 1 WpHG in respect of 346 voting rights (0%) as well as instruments within the meaning of section 38 (1) number 2 WpHG in respect of 232,784 voting rights (1.04%).

Prior to this, **Morgan Stanley**, Wilmington, Delaware, United States of America, had 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 are held by Morgan Stanley & Co. International plc at the stated time.

UBS Group AG, Zurich, Switzerland, notified us that on 17 July 2023 its share of voting rights in the Company amounted to 15.03% (3,366,451 voting rights of 22,396,070). According to section 34 WpHG, 15.03% (3,366,451 voting rights) are attributable to UBS Group AG. 3% or more of voting rights are held by UBS AG at the stated time. In addition, UBS Group AG holds instruments within the meaning of section 38 (1) number 1 WpHG in respect of 27,897 voting rights (0.12%).

Walter Manfred Günther notified us that on 6 June 2023 his percentage of voting rights in the Company via shares amounted to 0% (0 voting rights of 22,396,070).

Oliver Jaster notified us that his proportion of voting rights in the Company on 8 February 2023 amounted to 35.17% (7,875,610 voting rights of 22,396,070). According to section 34 WpHG, 35.17% (7,875,610 voting rights) are attributable to Oliver Jaster. 3% or more of voting rights are held by Cassio I GmbH & Co. KG, Othello Vier Beteiligungs GmbH & Co. KG and MAX Automation SE 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):

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 22,352,160¹). 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 the Company's website (zealnetwork.de).

34 Events after reporting period

There were no significant events with a material financial impact after the end of the reporting period.

Hamburg, 19 March 2024

The Management Board

Helmut Becker	Sebastian Bielski
Chief Executive Officer	Chief Financial Officer

Paul Dingwitz
Chief Technology 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 2023, consolidated statement of financial position as at 31 December 2023, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2023, 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 2023. 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. Furthermore, we have not audited the content of the disclosures extraneous to management reports contained in the section 'The general internal control system' of the group management report. Disclosures extraneous to group management reports are such disclosures that are not required pursuant to Secs. 315, 315a HGB or Secs. 315b to 315d HGB ['Handelsgesetzbuch': German Commercial Code] or German Accounting Standard (GAS) 20.

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 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 2023 and of its financial performance for the fiscal year from 1 January to 31 December 2023, 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. We do not express an opinion on the Group Corporate Governance Statement referred to above or the section 'The general internal control system' of the group management report 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 2023. 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

Goodwill 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 value in use of the cash-generating units (CGU) as of 31 December each year or ad hoc. The executive directors determine the values in use 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 values in use have a significant effect on the recognition of goodwill and intangible assets in the consolidated financial statements as of 31 December 2023. 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 the values in use 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 values in use of the cash-generating units 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 value in use, 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 values in use.

Reference to related disclosures

The Company provides information on goodwill and the other intangible assets in the notes to the consolidated financial statements in sections '11. Goodwill' and '12. Intangible assets.' Further information on recognition and measurement policies is contained in the notes to the consolidated financial statements in section '2. Accounting policies' under '2.9 Intangible assets,' '2.11 Impairment' and '2.3 Significant judgments and estimates.'

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 2023 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 2023 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 ['Aktien-gesetz': 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 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 disclosures extraneous to management reports contained in the section 'The general internal control system' of the group management report mentioned above
- The sections 'Launch of games as major milestone', 'Key consolidated figures', 'Our mission', 'Foreword: ZEAL starts new chapter for online lotteries', '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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 the risk of not detecting a material misstatement 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 'ZEAL_Network_SE_KA-KLB_ESEF-2023-12-31.zip' 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.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the 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 2023 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.

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 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 (06.2022)). 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 process for preparing 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 9 May 2023. We were engaged by the Supervisory Board on 7 July 2023. We have been the auditor of ZEAL Network SE without interruption 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-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:

- Audit of the Remuneration Report pursuant to Sec. 162 (3) AktG
- 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 Unternehmensregister [German Company Register] – 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 Alexander C. Opaschowski.

Hamburg, 19 March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Möbus
Wirtschaftsprüfer
[German Public Auditor]

Opaschowski
Wirtschaftsprüfer
[German Public Auditor]

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, 19 March 2024

The Management Board

Note on forward-looking statements

This report contains forward-looking statements that are based on our current intentions, beliefs or expectations. Forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those predicted or anticipated. We assume no obligation to update the information and forward-looking statements contained in this report unless required to do so by law.

Key consolidated figures

		2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023	2022	Q4 2022
Customers								
Cost per lead ¹ , Germany segment	€	45.52	37.11	50.40	50.83	36.77	35.97	34.86
New registered customers ¹ , Germany Segment		597	80	168	207	143	703	202
APPU ¹ lotteries		48.85	50.02	48.49	48.83	48.12	46.86	47.85
APPU ¹ games		72.57	92.05	62.36	5.03	-	-	-
ABPU ¹ lotteries		61.34	62.31	60.83	61.28	60.99	59.09	60.73
ABPU ¹ games		353.74	449.14	306.14	58.74	-	-	-
ARPU ¹ lotteries		7.68	7.78	7.72	7.68	7.55	7.65	8.17
ARPU ¹ games		25.82	32.89	22.01	5.49	-	-	-
MAU ¹ lotteries		1,146	1,124	1,217	1,142	1,100	1,070	1,175
MAU ¹ games		17	18	18	9	-	-	-
Income statement								
	€ thousand							
Customer payments for lotteries ¹		671,820	168,679	177,048	167,283	158,810	601,740	171,297
Customer payments for games ¹		8,544	5,104	3,298	142	-	-	-
Billings from lotteries ¹		843,310	210,108	222,079	209,930	201,194	758,425	214,053
Billings from games ¹		41,647	24,903	16,192	553	-	-	-
Total revenue		116,050	30,038	31,183	28,130	26,699	105,201	30,750
Revenue from lotteries		105,652	26,234	28,199	26,305	24,913	98,221	28,800
Revenue from games		3,040	1,824	1,164	52	-	-	-
Customer payments margin ¹ , lotteries	%	15.7	15.6	15.9	15.7	15.7	16.30	17.07
Gross margin ¹ , lotteries		12.5	12.5	12.5	12.5	12.4	12.9	13.3
Customer payments margin, games		35.6	35.7	35.3	36.4	-	-	-
Gross margin ¹ , games		7.3	7.3	7.2	9.3	-	-	-
EBITDA	€ thousand	32,905	9,737	9,405	4,443	9,320	31,659	9,666
EBIT		23,649	7,012	7,295	2,216	7,126	22,928	7,453
Profit for the year		13,721	3,628	4,507	1,212	4,374	16,572	4,430
Ratios								
EBITDA margin	%	28.4	32.4	30.2	15.8	34.9	30.1	31.4
Personnel								
Number of employees (full time equivalents)	no.	172	177	174	167	169	161	164
Personnel expenses	€ thousand	22,555	7,360	4,824	5,293	5,078	18,892	4,957
Expenses per employee		131	42	28	32	30	117	30
Share								
Average number of shares (undiluted)	no.	21,656,120	21,657,176	21,657,176	21,657,176	21,652,952	22,304,795	22,345,729
Earnings per share (undiluted)	€	0.59	0.17	0.21	0.06	0.20	0.72	0.19

¹ The definitions of the financial measurements and indicators disclosed above can be found in the Management System section on pages 62 and 63 of this Annual Report

Financial calendar

8 May 2024	Publication of Quarterly Statement Q1 2024
28 May 2024	Annual General Meeting
7 August 2024	Publication of Half-Year Report
6 November 2024	Publication of Quarterly Statement Q1–3 2024

PICTURE CREDITS

Cover (centre): Adobe Stock

P. 4: Franz Schepers

PUBLISHED BY

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