

# ZEAL Network SE

## REMUNERATION REPORT FOR THE FISCAL YEAR 2021

### 1. OVERVIEW

The Remuneration Report presents and explains the remuneration awarded and due to the individual current and former members of the Management Board and Supervisory Board of ZEAL Network SE (the „**Company**“) in the fiscal year 2021. The report complies with the requirements of sec. 162 AktG and the most recent version of the German Corporate Governance Code dated 16 December 2019.

Due to rounding, it is possible that individual figures in this report do not add up exactly to the totals shown and that the percentages presented do not accurately reflect the absolute values to which they relate.

The remuneration system for the Management Board was approved by the Annual General Meeting on June 30, 2022 with a majority of around 93% of votes cast. The same Annual General Meeting approved the remuneration and the remuneration system for the Supervisory Board adopted by the Annual General Meeting on September 25, 2019 with around 100% of votes cast.

In the fiscal year 2021, the Management Board was expanded with the addition of two persons, Sönke Martens as Chief Operations Officer (COO) and Paul Dingwitz as Chief Technology Officer (CTO).

The Chairman’s Committee, acting as the remuneration committee, is responsible for recommending the remuneration each Management Board member receives for their services to the Company. The Committee is also responsible for setting the Company’s remuneration policy together with the structure of the Management Board’s remuneration, including the split of remuneration between fixed and variable elements. The remuneration of Management Board members is regularly reviewed, at least every two years. In reviewing the pay arrangements of the Management Board, the Chairman’s Committee takes into account:

- the growth of the Group during the preceding period together with forecasted growth in future periods;
- the Group’s performance relative to other companies operating within the same sector;
- the Group’s place of incorporation and associated stakeholder expectations;
- the general external environment and the market context for executive pay.

Our remuneration policy is in no way designed to reward inappropriate outcomes or excessive risk.

### 2. MANAGEMENT BOARD REMUNERATION SYSTEM IN THE FISCAL YEAR 2021

#### 2.1 Main characteristics of the Management Board remuneration system and relationship to corporate strategy

ZEAL Network SE (hereinafter also „**ZEAL**“) is the leading German online provider of lottery products. In the course of the progressive online penetration of the German lottery market, ZEAL plans to further expand its market share in order to exploit the potential for a long-term increase in billings. ZEAL has therefore set itself the goal of continuing to expand its tried and trusted business models, especially in Germany and Spain, developing new lottery businesses and discovering new start-up ideas in order to tap further target groups, gain important market knowledge and test new product ideas quickly and inexpensively.

Management Board remuneration is designed to encourage the long-term achievement of objectives and the overall positive development of the Group. To this end, remuneration is aligned with standard market conditions, thus enabling the Group to attract suitably qualified candidates for the respective positions – whereby the range of suitable candidates is comparatively limited for sector-specific reasons. Moreover, both long-term and short-term remuneration is linked to the Company’s qualitative and quantitative targets, as explained below (declaration pursuant to sec. 162 para. 1 sentence 2 no. 1 AktG).

In order to achieve these goals, both financial and non-financial key performance indicators are used to manage ZEAL. Financial performance indicators include billings, revenue, and adjusted EBITDA. The non-financial indicators used are market share in the online lottery segment, customer satisfaction, and corporate social responsibility.

Due to their relevance for the successful implementation of ZEAL’s corporate strategy, these performance indicators form the basis from which the targets relevant for the remuneration of the Management Board are selected. In particular, the following aspects are taken into account:

- ZEAL’s year-on-year growth and the forecast growth of future periods,
- the corresponding expectations of the stakeholders,
- the general external environment and the market-standard remuneration of executives and
- the clear alignment of Management Board remuneration with a „pay for performance” approach.

The present system for the remuneration of the Management Board members was resolved by the Supervisory Board on April 9, 2021 and will apply to all Management Board service agreements extended or newly concluded from that date. The current Management Board service agreements contain provisions that do not correspond to the resolved remuneration system.

At the recommendation of the Chairman’s Committee, acting as remuneration committee, the Supervisory Board determines the amount of the total target remuneration for each Management Board member on the basis of the remuneration system. In doing so, it ensures that the remuneration is commensurate with the duties and performance of the Management Board member and with the situation of the Company and does not exceed the customary remuneration without special justification. To ensure that the remuneration of the Management Board is appropriate and customary, it is regularly reviewed (at least every two years) by the Supervisory Board.

### **3. OVERVIEW OF THE REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD**

#### ***3.1 The components of the remuneration system***

The total remuneration of the members of the Management Board is made up of fixed and variable remuneration components. The fixed components include the fixed annual salary and retirement and fringe benefits. In addition, the Management Board members receive variable remuneration consisting of a short-term incentive (STI) and a long-term incentive (LTI).

The following gives an overview of the remuneration components and their relevant parameters:

## OVERVIEW OF THE REMUNERATION SYSTEM

### Fixed remuneration components

<b>Annual fixed salary</b>	<ul style="list-style-type: none"> <li>▪ Annual fixed salary paid in twelve equal monthly installments</li> </ul>
<b>Fringe benefits</b>	<ul style="list-style-type: none"> <li>▪ Retirement benefits: <ul style="list-style-type: none"> <li>▪ at the choice of the Management Board member, payment into a pension plan designated by the Management Board member or</li> <li>▪ equivalent payment to the Management Board member via payroll</li> </ul> </li> </ul>

### Variable remuneration components

<b>Short-Term Incentive (STI)</b>	<ul style="list-style-type: none"> <li>▪ One-year target bonus system</li> <li>▪ STI payout amount dependent on achievement of predefined quantitative and qualitative targets, e.g.: <ul style="list-style-type: none"> <li>▪ Earnings before interest and taxes, depreciation and amortization (EBITDA)</li> <li>▪ Revenue</li> <li>▪ Capital Efficiency</li> <li>▪ Resolution of regulatory challenges</li> </ul> </li> <li>▪ Cap: 200% of target amount</li> <li>▪ Payment in cash after the end of the respective fiscal year</li> </ul>
<b>Long-Term Incentive (LTI)</b>	<ul style="list-style-type: none"> <li>▪ Four-year performance-based restricted stock plan</li> <li>▪ LTI payout amount dependent on STI target achievement in the previous fiscal year and share price performance of ZEAL shares after four years</li> <li>▪ Cap: 200% of grant value</li> <li>▪ Cash payment after the end of the respective tranche</li> </ul>

### Other contract components

<b>Claw-back</b>	<ul style="list-style-type: none"> <li>▪ Full or partial claim for repayment of variable remuneration components in the event of serious violations of legal obligations or internal corporate conduct guidelines</li> </ul>
<b>Shareholding Guidelines</b>	<ul style="list-style-type: none"> <li>▪ Investment of 10% of annual fixed salary in ZEAL shares</li> <li>▪ Minimum holding period of three fiscal years</li> <li>▪ Upon fulfillment of the Shareholding Guidelines, increase of the annual fixed salary by 10%</li> </ul>
<b>Maximum remuneration</b>	<ul style="list-style-type: none"> <li>▪ Chairman of the Management Board: €2,750,000</li> <li>▪ Ordinary Member: €2,000,000</li> </ul>

### **3.2 Share of remuneration components in total target remuneration**

The total target remuneration of the Management Board members comprises the fixed annual salary, fringe benefits, STI and LTI (assuming 100% target achievement in each case). The fixed annual salary accounts for around 40% to 60% of the total target remuneration. The STI accounts for around 18% to 26% of total target remuneration, while the LTI accounts for around 22% to 32% of total target remuneration. The remuneration structure of the Management Board members underlines the focus on the long-term and sustainable development of ZEAL through the higher weighting of the LTI compared to the STI. The significant share of variable remuneration also ensures the pursuit of the „pay for performance” approach. The fringe benefits correspond to around 1% of the total target remuneration.

### **3.3 Maximum remuneration**

In addition to the individual cap on variable remuneration components (STI and LTI), the Supervisory Board has set a maximum remuneration for Management Board members in accordance with sec. 87a para. 1 sentence 2 no. 1 AktG. This comprises all remuneration components (annual fixed salary, fringe benefits, variable remuneration (STI and LTI)) and relates to the total of payments of all remuneration components granted for a fiscal year, irrespective of when they are paid out. The maximum remuneration per fiscal year is €2,750,000 for the Chairman of the Management Board and €2,000,000 for each ordinary member of the Management Board.

## **4. Detailed consideration of the remuneration components**

### **4.1 Fixed remuneration components**

#### *Annual fixed salary*

The fixed annual salary of the Management Board members is based on their respective areas of responsibility. It is paid in twelve equal monthly installments at the end of each month.

#### *Fringe benefits*

In addition to the fixed annual salary, the members of the Management Board receive fringe benefits as a non-performance-related remuneration component. These mainly include retirement benefits. The members of the Management Board have a choice in respect of such benefits. ZEAL either pays contributions into a pension plan designated by the Management Board member or makes an equivalent payment to the Management Board member via payroll.

### **4.2 Variable remuneration components**

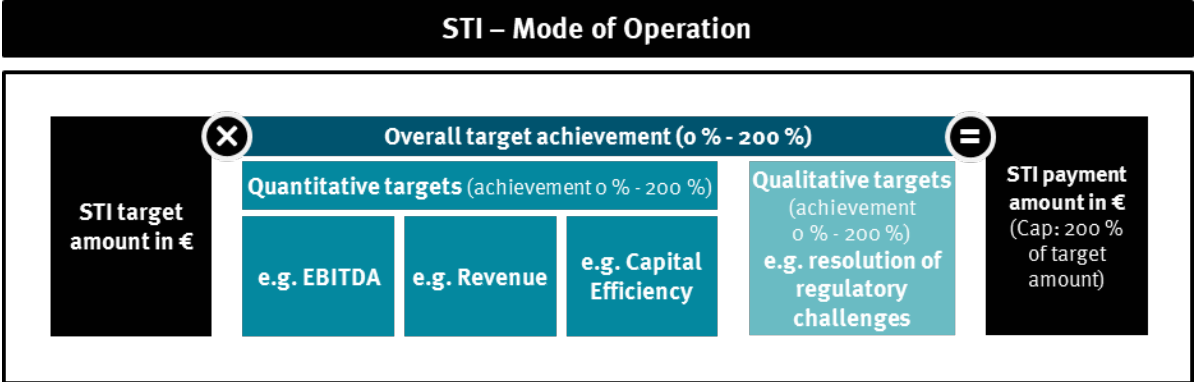
The variable remuneration components underline the „pay for performance” orientation of ZEAL’s remuneration system due to their performance-related character. In selecting the performance criteria and designing the remuneration components, particular attention was paid to incentivizing the successful implementation of ZEAL’s corporate strategy through annual operational targets, while at the same time ensuring long-term successful and sustainable development. The variable remuneration components consist of a one-year short-term Incentive (STI) and a four-year long-term Incentive (LTI).

#### *Short-Term Incentive (STI)*

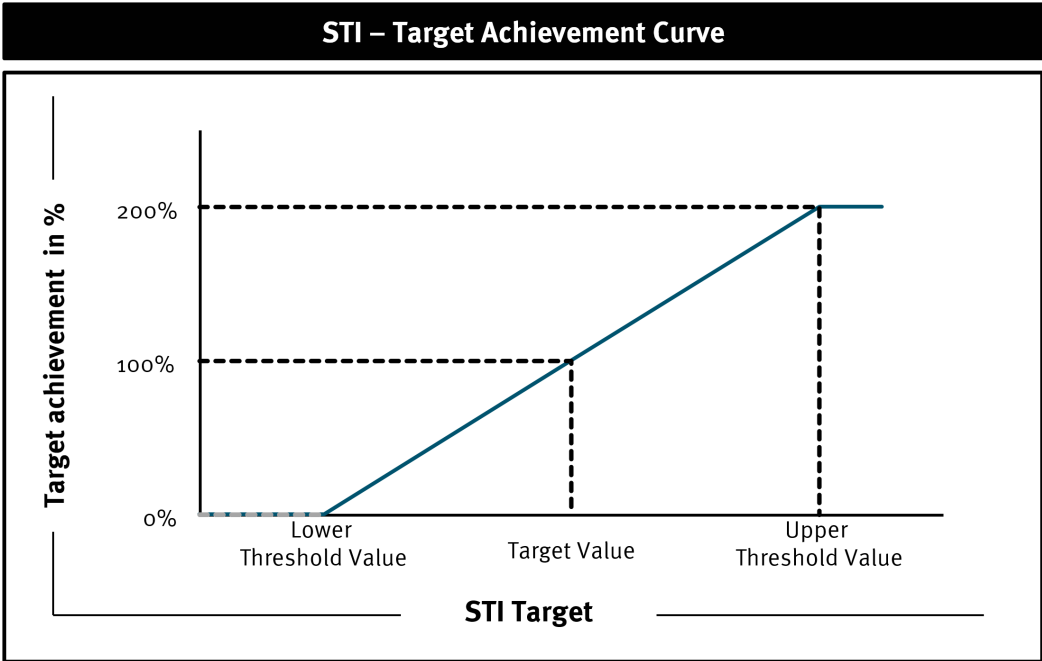
The STI for the members of ZEAL’s Management Board is designed as a target bonus system which annually incentivizes the achievement of the Company’s operating targets. For this purpose, the Supervisory Board sets both quantitative and qualitative targets at the beginning of each fiscal year. Depending on the degree of achievement of these targets, the STI payment amount for the respective fiscal year is calculated after adoption of the annual financial statements.

The quantitative targets used to measure performance within the STI are predominantly numerical (e.g. EBITDA, revenue, capital efficiency), while the qualitative targets mainly comprise strategic goals (e.g. resolving regulatory challenges). The targets used are linked. In addition, the proportion of quantitative targets outweighs that of qualitative targets. In selecting the targets used for the STI, the Supervisory Board focuses on incentivizing the implementation of the corporate strategy and ensuring the long-term and sustainable success of ZEAL. The quantitative targets take into account increases in both profitability and return on investment for the remuneration of ZEAL’s Management Board members and push ZEAL’s growth.

The STI is paid out in cash no later than two months after adoption of the respective annual financial statements. The STI payout amount is calculated by multiplying the STI target amount agreed within the Management Board service agreements by the total STI target achievement. The overall STI target achievement can be between 0% and 200%.



For both the quantitative targets and the qualitative targets the Supervisory Board sets a target value as well as a lower and upper threshold value at the beginning of each fiscal year. If the target value for the respective target is reached, this corresponds to a target achievement of 100%. If the lower threshold value is reached or not reached, this corresponds to a target achievement of 0%. A total loss of variable remuneration is possible as a result. At the upper end, target achievement is limited to 200% (cap). This value is reached as soon as the upper threshold value is achieved. A further increase above the upper threshold does not result in an increase in target achievement above 200%. Between the respective defined target achievement points (0%; 100%; 200%), the target achievements are interpolated linearly.

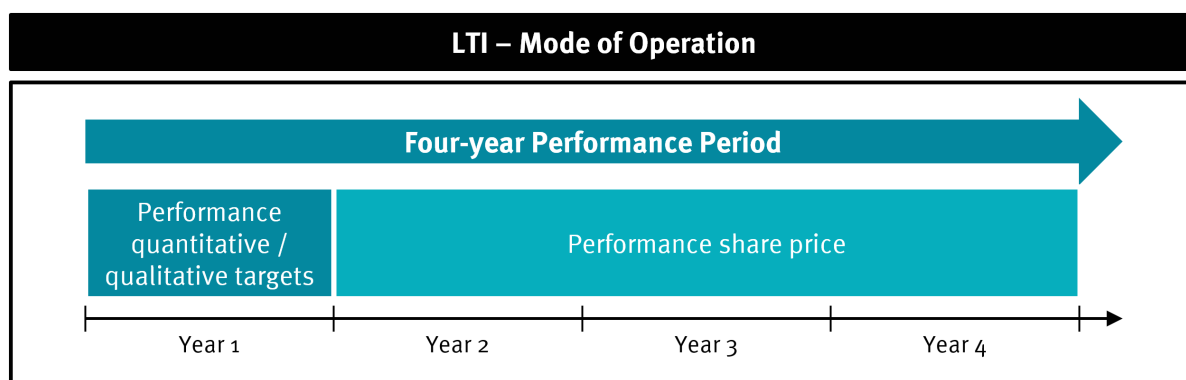


The target values set for a fiscal year, as well as the lower and upper thresholds and actual target achievement per target, are disclosed, as a rule, *ex post* in the remuneration report.

#### *Long-Term Incentive (LTI)*

The LTI for the Management Board members of ZEAL is structured as a performance-based restricted stock plan. The initial value of the four-year LTI is the contractually defined LTI target amount. After the end of the first fiscal year of each tranche this is multiplied by the overall STI target achievement. The resulting LTI currency value is then converted into a number of virtual shares. To calculate the number of virtual shares to be granted, the LTI currency value is divided by the average volume-weighted price of a ZEAL share within a three-month period before the virtual share is issued.

At the end of the total four-year performance period, the average volume-weighted price of a ZEAL share within a three-month period prior to the end of the respective performance period is determined and multiplied by the number of virtual shares. The LTI payout is settled in cash and can range from 0% to a maximum of 200% of the LTI currency value (cap). In the event that the share price is affected by extraordinary external factors (e.g. a shock of macroeconomic magnitude or changes in the regulatory environment affecting ZEAL), the Supervisory Board may adjust the share price at its reasonable discretion to compensate for these externally induced developments.



As a share-price-related remuneration component, the LTI is a key instrument for ensuring the long-term nature and sustainability of Management Board remuneration. In addition, the interests of the Management Board and shareholders are linked even more closely.

#### **4.3 Claw-back**

In the event of serious breaches by members of the Management Board of their statutory obligations or of the Company's internal code of conduct, ZEAL is entitled to demand the return of all or part of the variable remuneration components paid out for the respective assessment period from the respective Management Board member (claw-back). The assertion of the claim for repayment is at the discretion of the Supervisory Board. The claim for repayment also applies if the term of office or employment relationship with the Management Board member has already ended at the time of the claim for repayment.

#### **4.4 Shareholding Guidelines**

The fixed annual salary of the Management Board members is increased by 10% if they invest a corresponding amount in ZEAL shares each year. The Management Board members undertake to hold these shares for a minimum period of three fiscal years from January 1 of the respective fiscal year. Shares already held or not acquired within the respective fiscal year do not count towards the investment volume. In the event that a Management Board member does not hold the required shares for the minimum period, the corresponding increase in the fixed annual salary is due for repayment.

The resulting increase in the shareholdings of the Management Board members leads to a further alignment of the interests of the Management Board and the shareholders and at the same time promotes long-term and sustainable actions of the Management Board for the benefit of ZEAL's development.

The shareholdings of Management Board members as of December 31, 2020 and 2021 were as follows:

<b>SHARES HELD IN BENEFICIAL OWNERSHIP</b>	<b>2020</b>	<b>Changes</b>	<b>2021</b>
Dr Helmut Becker (CEO)	25,856	1,500	27,356
Jonas Mattsson (CFO)	8,600	1,400	10,000

## **5. REMUNERATION-RELATED LEGAL TRANSACTIONS**

### **5.1 Terms and termination options**

The terms of the Management Board service agreements correspond to the respective period for which the Management Board member is appointed to office. That period is typically three years.

The Management Board service agreement ends at the latest at the end of the month in which the Management Board member reaches the standard retirement age under the statutory pension scheme. In addition, the Management Board service agreement ends at the end of the sixth month after permanent incapacity for service is established if the Management Board member becomes permanently incapacitated for service during the term of the Management Board service agreement.

Upon effective revocation of the appointment as a member of the Management Board pursuant to sec. 84 para. 3 AktG, the service agreement of a member of the Management Board shall also terminate. If the revocation is made for cause within the meaning of sec. 626 para. 1 of the German Civil Code („BGB“), the Management Board service agreement shall end with immediate effect. If the revocation is made for cause within the meaning of sec. 84 para. 3 AktG and does not at the same time fulfil the requirements for an extraordinary termination of the Management Board service agreement without notice pursuant to sec. 626 para. 1 BGB, the Management Board service agreement shall end with twelve months' notice to the end of the month irrespective of the term of the Management Board service agreement.

### **5.2 Provisions in the event of premature termination of the Management Board service agreement**

In no case may any payments to the Management Board member on premature termination of their service agreement, including fringe benefits, exceed the value of two years' remuneration (severance payment cap). The severance payment cap is calculated on the basis of the total remuneration for the past fiscal year and, where appropriate, the expected total remuneration for the current fiscal year. In the event of termination by the Management Board member themselves, no such severance payment will be made.

If the Management Board service agreement is terminated for cause within the meaning of sec. 626 para. 1 BGB, no payments will be made to the Management Board member, either. At the same time, there is neither an entitlement to an STI for the year of departure nor an entitlement to payment from the LTI insofar as the respective performance period has not yet ended for the latter.

### **5.3 Regulations in the event of commencement or termination of office during the year**

In the event of a member joining or departing the Company during the year, the annual fixed salary as well as the STI and LTI are calculated *pro rata temporis* according to the length of service in the relevant fiscal year. Specific provisions apply, as described above, in the event of termination of the Management Board service agreement for cause attributable to the Management Board member.

#### **5.4 Assumption of mandates**

At the request of the Supervisory Board and without additional remuneration, the members of the Management Board will assume supervisory board mandates, Management Board mandates and similar offices in companies in which ZEAL directly or indirectly holds an interest (intercompany board functions). The same applies to activities in associations in which ZEAL is a member and to honorary offices.

#### **5.5 Incapacity or death**

In the event of temporary incapacity to work on the part of the Management Board member due to illness, accident or a reason for which the Management Board member is not responsible, the fixed annual salary shall continue to be paid for up to six months, but at the longest until termination of the employment relationship. Sick pay, daily sick pay or pensions from health insurance funds are offset against these payments, insofar as the benefits are not based exclusively on the contributions of the Management Board member.

If the Management Board member becomes permanently incapacitated during the term of the Management Board service agreement, the Management Board service agreement shall end at the end of the sixth month following the determination of the permanent incapacity.

If the Management Board member passes during the term of his Management Board service agreement, his surviving dependents are entitled to continued payment of the fixed annual salary for the month of death and the twelve following months.

### **6. TEMPORARY DEVIATION FROM THE REMUNERATION SYSTEM**

Pursuant to sec. 87a para. 2 sentence 2 AktG, the Supervisory Board of ZEAL may temporarily deviate from the remuneration system if this is necessary in the interest of ZEAL's long-term welfare. Such deviations may be necessary, for example, to ensure adequate incentives in the event of a severe corporate or economic crisis. Such temporary deviation is only possible under special and exceptional circumstances and require a determination of such circumstances by resolution of the Supervisory Board. Notwithstanding any temporary deviation from the remuneration system, the Supervisory Board shall ensure that the remuneration of the Management Board continues to be aligned with the long-term and sustainable development of ZEAL and is commensurate with the situation of the Company and the performance of the respective Management Board member.

The Supervisory Board may, by resolution, deviate from the following components of the remuneration system after determining exceptional circumstances: The regulations on the remuneration structure and amount, the regulations on the targets underlying the variable remuneration, and the regulations on the individual remuneration components.

If the option to temporarily deviate from the remuneration system has been used, the necessity for this and the procedure to be followed shall be explained in the remuneration report and, pursuant to sec. 162 para. 1 no. 5 AktG, all remuneration components affected by this shall be named.

### **7. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS IN OFFICE IN THE FISCAL YEAR 2021**

The following tables show the remuneration awarded and due to each member of the Management Board in the fiscal years 2021 and 2020 in accordance with sec. 162 (1) sentence 1 AktG, including the respective relative shares of their components. For this purpose, clusters were formed for the individual remuneration components based on the following reporting logic: in the case of one-year variable remuneration (STI) in 2021, the STI granted for the reporting year is not reported, as this is only determined after the end of the reporting year and paid out after the annual financial statements have been adopted in the following year, 2022. Instead, the STI of the previous year, which was paid out after adoption of the



annual financial statements 2020, is disclosed as ‘awarded and due’ in the reporting year 2021 in accordance with sec. 162 (1) sentence 1 AktG. Likewise, the three-year long-term variable remuneration (LTI) is reported as ‘awarded and due’ for the reporting year in which it actually accrued or became due.

Remuneration awarded and due in the fiscal year 2021 is thus calculated as follows:

- basic remuneration paid in 2021;
- taxable non-cash benefits and other fringe benefits granted in the fiscal year 2021;
- short-term variable remuneration (STI 2020) determined for the fiscal year 2020 and paid out in the fiscal year 2021;
- the partial amount of the three-year long-term share-based remuneration for the period 2018 to 2020 (LTI 2020) paid out in the fiscal year 2021 on the basis of the LTI award value determined for the fiscal year 2018.

Pension expenses for the fiscal year 2021 (service costs in the fiscal year 2021) are also presented, if applicable.

Paul Dingwitz was appointed to the Management Board on June 5, 2021 and Sönke Martens on July 1, 2021. This report only takes into account remuneration for their activities as Management Board members as of these dates.

### **7.1 Remuneration awarded and due to Management Board members**

Remuneration awarded and due corresponds to fixed remuneration and pension and other benefits and short-term incentives awarded to Management Board members for their work in the fiscal year 2021, as well as the value of long-term incentives (virtual shares) awarded to them in the fiscal year 2021.

#### *Total remuneration*

##### **Dr Helmut Becker**

<b>In €k</b>	<b>Basic salary</b>	<b>STI</b>	<b>LTI</b>	<b>Pension expenses</b>	<b>Fringe benefits</b>	<b>Total</b>
2021	606	462	882	11	61	<b>1,963</b>
2020	602	415	460	11	61	<b>1,488</b>

##### **Paul Dingwitz**

<b>In €k</b>	<b>Basic salary</b>	<b>STI</b>	<b>LTI</b>	<b>Pension expenses</b>	<b>Fringe benefits</b>	<b>Total</b>
2021	145	–	–	–	–	<b>145</b>

##### **Sönke Martens**

<b>In €k</b>	<b>Basic salary</b>	<b>STI</b>	<b>LTI</b>	<b>Pension expenses</b>	<b>Fringe benefits</b>	<b>Total</b>
2021	123	–	–	–	1	<b>124</b>

**Jonas Mattsson**

In €k	Basic salary	STI	LTI	Pension expenses	Fringe benefits	Total
2021	432	323	619	11	43	<b>1,428</b>
2020	365	291	322	11	22	<b>1,011</b>

*Short-term incentives (STI)*

STIs awarded in 2021 were as follows:

Management Board member	Basic bonus	Quantitative target achievement	Qualitative target achievement	Total target achievement	Final STI
	€k	%	%	%	€k
Dr Helmut Becker	270	200%	143%	171%	<b>462</b>
Jonas Mattsson	189	200%	143%	171%	<b>323</b>

Target calculations are based on the following targets and target achievements:

**Qualitative targets**

Targets	Weighting	Target achievement
	%	%
Operational	30%	200%
Structural	40%	150%
Strategic	15%	50%
Cost efficiency	15%	100%
<b>Target achievement</b>		<b>143%</b>

**Quantitative targets**

Corridor	Revenue (50%)	EBITDA (50%)
	€m	€m
200%	82	14
100%	76	10
0%	70	7
<b>Result 2020</b>	<b>84</b>	<b>11</b>
<b>Target achievement</b>		<b>200%</b>

### Long-term incentives (LTI)

LTIs awarded in 2021 were as follows:

#### Share Price

Management Board member	Basic bonus	Starting value	End value	Total LTI	Final LTI
	€t	€	€	%	€t
Dr Helmut Becker	441	20.95	45.25	200%	<b>882</b>
Jonas Mattsson	309	20.95	45.25	200%	<b>619</b>

#### 7.2 Comparative presentation of the development of earnings and the annual change in remuneration

In accordance with sec. 162 para. 1 sentence 2 no. 2 AktG, the following table shows the development of earnings of the ZEAL Group, the annual change in the remuneration of members of the Management Board and Supervisory Board and the annual change in the average remuneration of employees on a full-time equivalent basis over the last five fiscal years.

The development of earnings is presented on the basis of the Group KPIs revenue and EBITDA, as well as the revenue of the parent company ZEAL Network SE. Moreover, a moving average of the share price over the last three months before year-end is presented. The latter is also part of the financial targets for the short-term variable remuneration (bonus) of the Management Board and thus has a significant influence on the amount of remuneration paid to the Management Board members. In addition, the development of earnings per share is shown.

For the members of the Management Board and the Supervisory Board, the remuneration awarded and due in the respective fiscal year within the meaning of sec. 162 para. 1 sentence 1 AktG is presented as follows.

The presentation of average employee remuneration is based on the ZEAL Group's workforce, including trainees, which averaged 149 employees (full-time equivalents) in the fiscal year. Average employee remuneration includes personnel expenses for wages and salaries, fringe benefits, employer contributions to social security and any short-term variable remuneration components attributable to the fiscal year. Moreover, in the case of remuneration in connection with share ownership programmes, the amounts paid out during the fiscal year are also taken into account. In accordance with the remuneration of the Management Board and Supervisory Board, employee remuneration therefore also reflects the principle of remuneration awarded and due within the meaning of sec. 162 para. 1 sentence 1 AktG.

## Change

	2021 VS. 2020	2020 VS. 2019	2019 VS. 2018	2018 VS. 2017
Dr Helmut Becker	-12%	34%	-11%	32%
Paul Dingwitz (since July 5, 2021)	New	N/A	N/A	N/A
Sönke Martens (since July 1, 2021)	New	N/A	N/A	N/A
Jonas Mattsson	-13%	38%	-12%	14%
Susan Standiford (until August 31, 2018)	N/A	N/A	-100%	-72%
Management Board remuneration	46%	-4%	-20%	-5%
Group revenue	-4%	-23%	-27%	15%
Earnings development of the Company	-97%	357%	-60%	-21%
Group EBITDA	60%	-3%	-55%	49%
Average employee remuneration	-9%	24%	0%	7%

### 7.3 Explanation of the developments

When considering the fiscal years 2019 and 2018, it must be taken into account that ZEAL's main business at this time was still in the field of secondary lotteries. This meant that significantly higher revenue was possible, which had a positive effect on EBITDA depending on the win rate. However, this business was very volatile and could only be operated from the company's registered office in England due to legal regulations. The lottery brokerage business, which has been the main business since the acquisition in 2019 of LOTTO24 AG, Hamburg, generates lower revenue as only a brokerage commission is retained. However, EBITDA is also no longer impacted by winnings paid out to customers. Moreover, the fiscal years 2019 and 2020 were significantly affected by expenses incurred as a result of restructuring following the relocation of the company's registered office in 2019. These effects were completed in the fiscal year 2020, and therefore the fiscal years are not directly comparable with each other. Management Board remuneration in 2020 was particularly affected by the very positive development of the share price as well as record revenue in the brokerage segment. In the fiscal year 2021, revenue fell short of expectations due to the economic situation, while efficient marketing measures led to an increase in EBITDA.

The annual result of the Company is mainly generated by intra-group services and the granting of licenses; in the previous year there was also a dividend distribution by a subsidiary, which had a positive effect on the annual result.

### 7.4 Appropriateness of remuneration

The Supervisory Board has reviewed Management Board remuneration for the fiscal year 2021 and determined that the Management Board remuneration resulting from target achievement for the fiscal year 2021 is appropriate.

## 8. REMUNERATION OF SUPERVISORY BOARD MEMBERS IN THE FISCAL YEAR 2021

The remuneration of the members of the Supervisory Board is set out in sec. 15 of the Company's Articles of Association. It consists of basic remuneration and supplements awarded for assuming certain offices in view of the additional workload involved.

### 8.1 Basic remuneration

The members of the Supervisory Board receive a fixed annual remuneration of €45.5 thousand for each full fiscal year in office.

### 8.2 Supplements

The Chairman of the Supervisory Board receives an additional €91 thousand and the Deputy Chairman an additional €45.5 thousand. For their membership in one or more committees, Supervisory Board members receive an additional annual remuneration of €17.5 thousand, or €35.0 thousand for the committee chairpersons.

If a member of the Supervisory Board does not attend one or more meetings of the Supervisory Board, one third of the total remuneration due to the member is reduced on a percentage basis in proportion to the Supervisory Board meetings held in the fiscal year compared to the Supervisory Board meetings which the Supervisory Board member did not attend. This applies in the same way to committee remuneration if a committee member does not attend one or more meetings of the committee.

If a member joins (or leaves) the Supervisory Board, or one of its committees or a function remunerated with a supplement, during the year, the relevant remuneration component is reduced on a pro-rata basis (payment of one-twelfth of the relevant annual remuneration component for each month or part thereof of membership or exercise of office).

Members of the Supervisory Board are also reimbursed for all expenses incurred in connection with the exercise of their Supervisory Board mandate, as well as any value added tax payable by them in this respect. Moreover, the Company reimburses Supervisory Board members for any value added tax payable on their total remuneration.

### 8.3 Total remuneration

Total remuneration (awarded and due) for the members of the Supervisory Board is presented in the table below:

<b>Member of the Supervisory Board</b>	<b>Year</b>	<b>For Supervisory Board membership</b>	<b>For committee membership</b>	<b>Total</b>	<b>From mandates in subsidiaries</b>
<b>in €k</b>					
Peter Steiner	2021	137	36	<b>172</b>	–
Peter Steiner	2020	91	63	<b>154</b>	31
Andreas de Maizière	2020	86	–	<b>86</b>	–
Oliver Jaster	2021	91	18	<b>109</b>	–
Oliver Jaster	2020	91	–	<b>91</b>	–
Thorsten Hehl	2021	46	61	<b>106</b>	25
Thorsten Hehl	2020	46	53	<b>98</b>	25
Jens Schumann	2021	46	18	<b>63</b>	63

<b>Member of the Supervisory Board</b>	<b>Year</b>	<b>For Supervisory Board membership</b>	<b>For committee membership</b>	<b>Total</b>	<b>From mandates in subsidiaries</b>
<b>in €k</b>					
Jens Schumann	2020	46	18	<b>63</b>	52
Marc Peters	2021	46	18	<b>63</b>	–
Marc Peters	2020	46	15	<b>60</b>	–
Frank Strauß	2021	46	18	<b>63</b>	–
Frank Strauß	2020	37	–	<b>37</b>	–

Supervisory Board members did not receive any loans from the Company or its subsidiaries, neither in the fiscal year 2021 nor the fiscal year 2020.

The change in remuneration of Supervisory Board members compared to the development of key financial figures and average employee remuneration is as follows:

### **Change**

	<b>2021 VS. 2020</b>	<b>2020 VS. 2019</b>	<b>2019 VS. 2018</b>	<b>2018 VS. 2017</b>
Peter Steiner	-7%	6%	-11%	28%
Andreas de Maizière (until June 17, 2020)	-100%	-14%	New	-100%
Oliver Jaster	21%	36%	2%	3%
Thorsten Hehl	8%	51%	2%	2%
Jens Schumann	10%	74%	-3%	8%
Leslie-Ann Reed (until June 27, 2019)	N/A	-100%	-50%	100%
Marc Peters (since June 27, 2019)	5%	150%	New	N/A
Bernd Schiphorst (until June 27, 2019)	N/A	-100%	-51%	7%
Frank Strauß (since June 17, 2020)	70%	New	N/A	N/A
Supervisory Board remuneration	-5%	15%	3%	3%
Group revenue	-4%	-23%	-27%	15%
Earnings development of the Company	-97%	357%	-60%	-21%
Group EBITDA	60%	-3%	-55%	49%
Average employee remuneration	-9%	24%	0%	7%

## **OTHER**

The Company maintains a Directors' and Officers' (D&O) group liability insurance policy for members of the executive bodies and certain Group employees. It is taken out or renewed annually. This insurance covers the personal liability risk in the event that a claim is made against this group of people for financial losses in the course of their work. The policy for the fiscal year 2021 includes a deductible for Management Board members that complies with the requirements of the German Stock Corporation Act (AktG).

### **INDEPENDENT AUDITOR'S OPINION ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SEC. 162 PARA. 3 AKTG**

To ZEAL Network SE

#### Audit Opinion

We have formally audited the remuneration report of ZEAL Network SE, Hamburg, for the fiscal year from January 1, 2021 to December 31, 2021, to determine whether the disclosures pursuant to sec. 162 para. 1 and para. 2 AktG have been made in the remuneration report. In accordance with sec. 162 para. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures pursuant to sec. 162 para. 1 and para. 2 AktG have been made in all material respects in the accompanying remuneration report. Our audit opinion does not cover the content of the remuneration report.

#### Basis for the audit opinion

We conducted our audit of the remuneration report in accordance with sec.162 para. 3 AktG and IDW Auditing Standards: The audit of the remuneration report in accordance with sec. 162 para. 3 AktG (IDW PS 870). Our responsibility under this provision and this standard is further described in the Auditor's Responsibility section of our report. As an auditing practice, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Practice of Public Accountants (IDW OS 1). We have complied with the professional duties pursuant to the Wirtschaftsprüferordnung (German Auditors' Code) and the professional statutes for auditors/sworn accountants, including the requirements for independence.

#### Responsibility of the Management Board and Supervisory Board

The Management Board and Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of sec. 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our objective is to obtain reasonable assurance about whether the remuneration report is free from material misstatement, whether due to fraud or error, in all material respects in accordance with sec. 162 para. 1 and para. 2 of the German Stock Corporation Act (AktG) and to express an opinion thereon in an auditor's report.

We planned and performed our audit to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by sec. 162 para. 1 and para. 2 AktG. In accordance with sec. 162 para. 3 AktG, we have not audited the

accuracy of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the remuneration report.

Hamburg, March 31, 2022

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

Brohrhilker	Klimmer
Wirtschaftsprüfer	Wirtschaftsprüfer