



## CORPORATE GOVERNANCE STATEMENT

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### **Declaration of Conformity**

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 preceding pages of this Annual Report as well as via the Company's website (Lotto24-ag.de).

### **Composition and working practices of the Management Board and Supervisory Board**

As a German stock corporation, Lotto24 AG is subject to German corporate law and has a two-tier management system which currently consists of an Management Board with two members and a Supervisory Board with six members. The Management Board is responsible for the Company's management. It is obliged to act in the best interests of the Company and is committed to sustainably raising the value of the Company.

The Supervisory Board appoints, monitors and advises the Management Board. The two bodies work closely together: the Management Board informs the Supervisory Board regularly, comprehensively and in due time about all issues relevant to strategy, planning, business development, risk position, risk management and compliance. The Supervisory Board is immediately informed about Lotto24's strategic alignment and ongoing development, as well as any deviations in the course of business from the defined plans and targets. The Supervisory Board regularly evaluates its work and adopts improvement measures as part of its regular self-assessment. Most recently, the Supervisory Board conducted a systematic self-assessment based on a specific questionnaire in March 2019.

Until 30 June 2019, Lotto24 AG was headed by Petra von Strombeck (Chief Executive Officer) and Magnus von Zitzewitz (member of the Management Board). Magnus von Zitzewitz left the Company by mutual agreement and on amicable terms as of 30 June 2019 to seek new professional challenges after seven years as a member of the Company's Management Board. He has been succeeded by the Chief Financial Officer of ZEAL, Jonas Mattsson, who took on additional responsibilities as CFO of Lotto24 as of 1 July 2019. Petra von Strombeck stepped down from her position by mutual agreement as of 31 December 2019. After twelve years in the lottery business, of which more than seven were as CEO of Lotto24 AG, Ms von Strombeck decided to pursue a new career challenge. Carsten Muth was appointed to the Management Board on 1 December 2019.

The Management Board manages Lotto24 in accordance with the provisions of German Stock Corporation Law, the Company's Articles of Association, the Management Board's Rules of Procedure and the stipulations of the respective service agreements with the aim of achieving a sustainable added value. Petra von Strombeck was responsible for Corporate Strategy and Development, Marketing, Sales, the B2C (Business-to-Customer) and B2B (Business-to-Business) business fields, Investor Relations, Human Resources, Organisational IT Strategy, IT Systems, IT Processes and IT Operations, as well as Process and Innovation Management and the B2G (Business-to-Government) business field. Magnus von Zitzewitz, prior to 30 June 2019, and Jonas Mattsson following 1 July 2019, were responsible for Legal Affairs and Regulation, Finance, Accounts, Taxes, Controlling, Compliance, Risk Management and Communication.

From 1 January 2020 Jonas Mattsson became responsible for Corporate Strategy and Development, Marketing, Sales, the B2C (Business-to-Customer) and B2B (Business-to-Business) business fields, Investor Relations, Organisational IT Strategy, IT Systems, IT Processes and IT Operations, as well as Process and Innovation Management and the B2G (Business-to-Government) business field, Finance, Accounts, Taxes, Controlling, Risk Management and Communication. Carsten Muth is responsible for Legal Affairs and Regulation, Compliance, and Human Resources. The Supervisory Board has set an age limit of 60 years for the Management Board.



The Supervisory Board of Lotto24 AG consists of six members who are all elected by the General Meeting. The Chairman and Deputy Chairman are elected from among the members of the Supervisory Board.

The current period of office of the Supervisory Board ends on expiry of the Annual General Meeting that resolves on the discharge of responsibilities for the fiscal year 2021. In the case of a tie in voting, the Chairman of the Supervisory Board has the casting vote in a renewed vote on the same matter. The Supervisory Board advises and monitors the Management Board in its management of business in accordance with the provisions of German Stock Corporation Law, the Company's Articles of Association and its own Rules of Procedure. It appoints the members of the Management Board and the Rules of Procedure of the Management Board include provisions regarding the necessary approval of the Supervisory Board for significant business transactions. From the Company's change in legal form to that of a public limited company ("Aktiengesellschaft" – AG) to 4 June 2019, the Supervisory Board consisted of the members Prof. Willi Berchtold (Chairperson), Jens Schumann (Deputy Chairperson) and Thorsten Hehl. From 4 June 2019, the Supervisory Board consisted of the members Peter Steiner (Chairman), Jens Schumann (Deputy Chairman) and Thorsten Hehl. Dr. Otto Lose, Dr. Stefan Maeger and Dr. Andreas Meyer-Landrut were appointed to the Supervisory Board on 27 September 2019. They took office when the amendment to the Articles of Association to increase the number of Supervisory Board members from three to six was registered on 14 October 2019. They are the members of the Related Parties Transactions Committee, which has not appointed a chairman.

The Supervisory Board holds its meetings at least twice in each calendar half-year, either in the form of face-to-face meetings or telephone meetings (conference calls). The Supervisory Board approves the annual financial statements. The Supervisory Board has determined that it consists of an appropriate number of independent members. All members of the Supervisory Board are to be regarded as independent within the meaning of recommendation C.6 of the Code. An age limit of 75 years applies to the members of the Supervisory Board.

The Supervisory Board has adopted a skills profile for the committee as a whole. In its current composition, the Supervisory Board believes that it has the skills which are important with regard to the activities of Lotto24 AG. In particular, these include the following knowledge and experience:

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

To this end, at least one member of the Supervisory Board (the Chairman of the Supervisory Board, Peter Steiner) has recognised expertise in the field of accounting or auditing.

In addition to the Management Board and Supervisory Board, the General Meeting acts as the third executive body. The Company's shareholders exercise their rights at the General Meeting and are involved in fundamental decisions concerning Lotto24 AG. The Management Board, Supervisory Board and General Meeting are jointly committed to acting in the best interests of shareholders and to the benefit of the Company. Lotto24 AG's Annual General Meeting is held within the first eight months of the fiscal year. In accordance with the Articles, the Annual General Meeting is presided over by the Chairman of the Supervisory Board. The General Meeting resolves on all matters that are reserved for it by law (including the election of Supervisory Board members, amendments to the Articles, the appropriation of net profit and capital measures). Our aim is to make it easy for our shareholders to participate in the General Meeting: we publish all necessary documents on the Internet in advance and nominate a proxy for shareholders who is obliged to following their voting instructions.



### **Transparency**

We attach great importance to providing information uniformly, comprehensively and promptly. The business situation and results of Lotto24 AG are disclosed via regular reporting in the form of our Annual Report and half-yearly financial report. We also provide full and swift information on specific events by means of press releases and publication of inside information in accordance with statutory regulations. All publications, press releases and announcements are available on our website (Lotto24-ag.de) in the Investor Relations section. Moreover, we are available for personal discussions at analyst, investor and telephone conferences. Lotto24 AG also keeps insider lists as required and informs the persons concerned about their statutory duties and penalties.

### **Audit**

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was elected as auditor for the annual financial statements for the first time in 2012. As of fiscal year 2017, the auditor partner in charge of the audit has been Jan Brorhilker.

### **Definition of target figures for the proportion of women on the Supervisory Board, Management Board and management levels; diversity**

In 2020, the Supervisory Board has set a target percentage of women for its composition of 0% until 28 February 2025.

The Supervisory Board has set the same target percentage for the Management Board, also until 28 February 2025.

Both target percentages correspond to the status quo.

The Management Board has set targets of 30% for the percentage of women at the two management levels below the Management Board in 2020, also by 28 February 2025. Currently, the percentage of women is 0% in each case.

According to recommendation C.1 of the Code, the Supervisory Board shall specify concrete objectives for its composition and, within this framework, take diversity into account. The Supervisory Board has not resolved on the determination of specific objectives for its composition. While the Management Board and Supervisory Board are of the opinion that the current composition of the Supervisory Board fulfils the criteria set out in recommendation C.1 of the Code, all proposals for appointments to a corporate body of Lotto24 AG are always made with a view to selecting candidates with the best qualifications and personal experience, thus complementing the composition of the committee as a whole. The Management Board and Supervisory Board are therefore of the opinion that determining objectives for the composition of the Supervisory Board are not suitable for achieving an efficient and qualified Supervisory Board. Accordingly, the Supervisory Board has also refrained from setting a minimum percentage of women above 0%.

According to recommendation B.1 of the Code, the Supervisory Board shall take diversity into account with regard to the composition of the Management Board. The Management Board and Supervisory Board are of the opinion that the current composition of the Management Board fulfils this recommendation. The above considerations regarding the composition of the Supervisory Board apply accordingly to the Management Board, for which the Supervisory Board has therefore also refrained from setting a minimum percentage of women above 0%.

According to recommendation A.1 of the Code, the Management Board should take diversity into account when filling management positions in the Company. The Management Board strives to increase the diversity already existing in the workforce as a whole, also in the two management levels below the Management Board. To this end, the Management Board has set the above-mentioned target figures.