



## Declaration on company management in accordance with section 289f German Commercial Code (HGB)

### Declaration of Conformity

In accordance with section 161 AktG, the Supervisory Board and Executive 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 Executive 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 Executive Board with two members and a Supervisory Board with three members. The Executive Board is responsible for the Company's management. It is obliged to act in the best interests of the Company and committed to sustainably raising the value of the Company.

The Supervisory Board appoints, monitors and advises the Executive Board. The two bodies work closely together: the Executive 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 annual efficiency review.

Petra von Strombeck (Chief Executive Officer) and Magnus von Zitzewitz (member of the Executive Board) manage Lotto24 in accordance with the provisions of German Stock Corporation Law, the Company's Articles of Association, the Executive 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 is responsible for Corporate Strategy and Development, Marketing, Sales, the B2C (Business-to-Customer) and B2B (Business-to-Business) business fields, Investor Relations, Human Resources, and Organisation. Magnus von Zitzewitz is responsible for the divisions Legal Affairs and Regulation, Finance, Accounts, Taxes, Controlling, Compliance, Risk Management and Communication. In connection with the all-share takeover offer by ZEAL, announced on 19 November 2018, the Supervisory Board has decided together with Dr. Felix Menden to postpone his commencement of office as Chief Information Officer (CIO) of Lotto24 AG from 1 December 2018 to 1 May 2019. Until this time, Dr. Menden will act as a consultant for Lotto24 AG. For this reason, Petra von Strombeck remains responsible for IT Strategy, IT Systems, IT Processes and IT Operation, as well as Process and Innovation Management and the B2G (Business-to-Government) business field, on an interim basis.

The Supervisory Board of Lotto24 AG consists of three members who are all elected by the Annual General Meeting. The Chairman and Deputy Chairman are elected from among the members of the Supervisory Board. The current composition of the Supervisory Board was confirmed by the Annual General Meeting 2017 with the re-election of all members. The regular period of office ends on expiry of the Annual General Meeting that resolves on the discharge of responsibility 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 Executive 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 Executive Board and the Rules of Procedure of the Executive Board include provisions regarding the necessary approval of the Supervisory Board for significant business transactions. Since the Company's change in legal form to that of a public limited company (»Aktiengesellschaft« - AG), the Supervisory Board has consisted of the members Prof. Willi Berchtold (Chairman), Jens Schumann

(Deputy Chairman) and Thorsten Hehl. 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 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, Prof. Willi Berchtold) has acclaimed expertise in the field of accounting or auditing.

In addition to the Executive Board and Supervisory Board, the Annual General Meeting acts as the third executive body. The Company's shareholders exercise their rights at the Annual General Meeting and are involved in fundamental decisions concerning Lotto24 AG. The Executive Board, Supervisory Board and Annual 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 Annual 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 Annual 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, half-yearly financial report and quarterly statements. We also provide full and swift information by means of press releases and ad-hoc announcements on specific events 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 as well as international roadshows. Lotto24 AG has also drawn up the mandatory list of insiders as required and informed the persons concerned about their statutory duties and penalties.

### **Auditing**

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 Brorhiller.

### **Setting of targets for the share of women on the Supervisory Board and Executive Board, as well as in senior management positions**

The German »Law on Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions« came into effect on 1 May 2015. It requires the Supervisory Board and Executive Board of Lotto24 AG to set targets for the share of women on the Supervisory Board and Executive Board, as well as in senior management positions.

In September 2015, the Supervisory Board set the target for the share of women on the Supervisory Board at the level reached at the time of adoption, in other words 0%. In the case of the Executive Board, the Supervisory Board set a target for the share of women at 30%. The Supervisory Board set the deadline for reaching these targets as 30 June 2017.

In September 2015, the Executive Board also set the targets for the share of women on the first and second levels below the Executive Board at the level reached at the time of adoption, in other words at 20% and 30% respectively. The Executive Board set the deadline for reaching both these targets as 30 June 2017.

The Executive Board and Supervisory Board have decided that the above mentioned targets – which have all been met since fiscal year 2016 – will also remain valid in the fiscal year 2019.