

**THE BUSINESS YEAR
OF THE GAUSELMANN GROUP**

2021

**MERKUR
SPIELBANKEN
NRW –
a portrait**



MERKUR

Enjoy the game

GAUSELMANN GROUP



KEY FIGURES OF THE GAUSELMANN GROUP

The 2020 and 2021 financial years were significantly impacted by the effects of the coronavirus pandemic.

in EUR million	2020	2021
Revenues of all group entities (cumulative)	2,526	2,566
Revenues (fully consolidated)	1,813	1,830
– of which in Germany	926	783
– of which international	887	1,047
Equity and equity investments	1,221	1,277
Equity ratio	65.8%	61.7%
Investments	198	195
Workplaces at year's end (full-time equivalents)	13,092	14,492
– of which in Germany	8,964	12,583
– of which international	6,826	7,740
– of which temporary employment	6,266	6,752
– of which apprentices and trainees	63	264
	209	191

PHILOSOPHY

MERKUR is a modern brand for attractive gaming and all other forms of sweepstakes and games of chance. The business covers a wide range of competences: in addition to developing games, technologies and gaming machines, and operating arcades in Germany and other European countries as well as land-based casinos and casinos on board

cruise ships, the company also installs slot machines in the gastronomy sector and offers sports betting and online casinos. It can thus offer its gaming portfolio at any location 24/7, and enjoys a high level of trust as a professional partner for entertaining games.



OUR MOST IMPORTANT BRAND VALUES

GAMING FUN



PASSION



INNOVATIONS



PROFESSIONALISM



RELIABILITY



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TO OUR BUSINESS PARTNERS

We're not quitters! This is especially true for us as entrepreneurs. During the coronavirus pandemic, which continued to dominate the 2021 business year, our corporate group – despite considerable losses in sales revenues – continued to hold its own in the second year of the crisis. For this, our thanks go first and foremost to our employees, who have shouldered considerable burdens and through their commitment and high level of motivation ensured that the crisis has not had a far worse impact on the company.

Although all bricks-and-mortar gaming offerings – whether in gaming arcades, casinos, sports betting shops or the gastronomy segment – were once again subject to extensive periods of lockdown, it is to be hoped that in 2022 we will be able to leave the coronavirus behind us, despite the fact that the dangers and impacts of the Ukraine conflict are now beginning to make themselves felt. On top of rising energy costs, one of the main consequences for us is the loss of sales in the Russian and Ukrainian markets.

But let's take a look at the 2021 business year: as already mentioned, the coronavirus developed into a persistent companion in our daily lives, repeatedly bringing with it new challenges on both a professional and personal level, and it ultimately dictated our lives for another year.

While the first four to five months of 2021 continued to be shaped by the closures of our arcades, casinos, sports betting shops and cruise ship casinos, optimism slowly but surely spread in the middle of the year. Covid-19 case numbers fell, many more people got vaccinated against the coronavirus and something approaching normality that had been missing for a long time returned to many parts of social life, and thus also within the corporate group.

The Gauselmann Group also played its part in fighting the pandemic. It did so initially with its own test centre and later also with a mass

vaccination centre that was set up in the "Alte Gießerei" (Old Forge). A total of around 1,300 vaccine doses were administered to Gauselmann employees and their family members as well as to employees of local businesses. This was a huge success, as vaccinating is the only pathway out of the pandemic.

Although the past year was again overshadowed by the pandemic, 2021 nevertheless held some delightful moments and events that encouraged us to breathe a sigh of relief and gave us hope for the future. The strongly contested bid in the tendering procedure for Westdeutsche Spielbanken, which generates by far the highest sales revenues in all 16 federal states, with its locations in Aachen, Bad Oeynhausen, Dortmund-Hohensyburg and Duisburg, as well as the possibility of opening two further casinos in North Rhine-Westphalia (NRW), allow us to look to the future with confidence. The fifth NRW casino in Monheim am Rhein is due to open as soon as the end of 2022 as Germany's largest casino with an investment volume in excess of 25 million euros. The sixth location is also being planned.

The acquisition of Westdeutsche Spielbanken is another significant milestone in the 65-year history of the Gauselmann Group. Personally, we feel very proud to be able to show, especially here in North Rhine-Westphalia, our home state, that we have mastered the "high art" of gaming with and for money. Our casino concept has already proven to be extremely successful in other federal states – four times in Berlin and three times in Saxony-Anhalt and Rhineland Palatinate – and we are sure that it will prove equally convincing in North Rhine-Westphalia.

Casinos have in the meantime become an important factor of success in terms of sales revenues for the Gauselmann Group. A look at the figures for the MERKUR SPIELBANKEN Sachsen-Anhalt shows just how enormous the potential is in this area: already in the second year of operation, the



Armin Gauselmann

Paul Gauselmann

Gauselmann Group was able to double the number of visitors several times over. Thus, in fulfilment of the state's legally defined channelling mandate, it was possible to steer more players away from illegal to the legal offerings, protecting many customers from the huge risks of illegal gaming. In the meantime, the Gauselmann Group is the largest casino operator in Germany. You can read about our business activities in this segment in a special feature as part of this report.

A view to the future does not just hold promising opportunities for success for the Gauselmann Group in the land-based segments.

For many years, we had to leave – at the time illegal – online business to our competitors abroad as it was prohibited to offer online gaming and sports betting with small stakes and prizes in Germany. With the entry into force of the “GlüStV 2021” on 1 July 2021, we now have the opportunity to also carry the success of our land-based segments online and provide our Internet guests with enjoyment of gaming in the familiar MERKUR style. First licences for virtual slot games have in the meantime been granted, laying the foundation for our business development in this direction.

TO OUR BUSINESS PARTNERS



The industry summit was another high point in the past year. Following the closures due to Covid-19 in 2020, we were finally able to invite people again to the event highlight of the coin-op industry. We celebrated what was the Gauselmann Group's largest industry summit to date in the MERKUR SPIEL-ARENA in Düsseldorf with around 1,500 guests. A top-class mix of products, politics and party, especially the unveiling of our new ZONIC multigamer, made the tenth anniversary sales event a complete success.

In addition to all these successes that we were able to achieve in the domestic market of the Gauselmann Group last year, foreign business has been growing in importance for the company for the past several years. In 2021, for example, we were able to generate almost 60 per cent of the group's total sales revenues with our business activities on the European and Central and South American markets. This makes us less dependent on our core market of Germany, where the legislative framework has unfortunately been deteriorating for years.

In plain figures, despite longer periods of lockdown, it was possible to maintain the revenue level of 2020. Thus, the cumulative sales revenues of all group entities increased slightly to 2.57 billion euros, with fully consolidated revenues reaching 1.83 billion euros. This was accompanied by capital expenditure, which remained at a high

level of around 200 million euros. The number of employees increased by 10 per cent in 2021, which is in large part due to the acquisition of Westdeutsche Spielbanken and the addition of its approximately 900 employees to our payroll. The Gauselmann Group now employs almost 15,000 people worldwide.

Summing up, we can say that, as expected, 2021 brought some highs and more lows which, thanks to the efforts of our employees, we overcame as best we could. While we suffered heavy revenue losses on the back of the coronavirus pandemic, we nevertheless invested massively in our business. That is because we firmly believe in our company, in our products and in our people. And this seems to be reaping dividends. Because for 2022 – from today's perspective – things are looking much better. At the end of the first six months of the year, it is already becoming apparent that the family-run corporate group will achieve a similarly good performance in 2022 as in the 2019 financial year, and thus return to pre-Covid-19 levels. And we will once again be able to offer people in Germany, Europe and beyond "enjoyment of gaming" with our offerings.

In this vein: we wish you all the best and hope you find this business report an enjoyable read. Stay healthy and make the best of these still challenging times.

Yours sincerely,



Paul Gauselmann



Armin Gauselmann

RESEARCH, DEVELOPMENT AND PRODUCTION



“Despite the general framework conditions that are still overshadowed by the ongoing pandemic, and the challenging regulatory requirements, we can look back on a successful business year. Our land-based and online gaming offerings were able to build on their worldwide success. Further forward-looking innovations are already in the pipeline.”

Dr Werner Schroer,
Management Board member, Development
and Technology

The goal of the Gauselmann Group is to offer gaming enthusiasts from all over the world first-class entertainment with innovative games and gaming machines as well as a wide range of applications and system solutions. These products are developed and realised at 27 development sites around the world. Located in Germany, the UK, Austria, Spain, Italy, Serbia, Bulgaria, India, Australia and the US, the teams specialise in identifying global and national trends as well as market and customer demands and in translating these into relevant products, while taking the general legal and social framework into account. In the 2021 reporting year, more than 1,000 employees were engaged by the group in the development disciplines game design, software, hardware, graphics, mechanical construction including industrial design, quality assurances as well as brand and industrial property rights. The heart and link between the international development sites is adp MERKUR GmbH (formerly adp Gauselmann GmbH), which develops nearly all basic technologies for the group. The company has its headquarters in Lübbecke.

As in the previous year, the framework conditions for the Research and Development department in 2021 were again shaped by the pandemic. Employees whose activities could be carried out decentrally worked from home. In all other areas, office shifts were introduced to reduce the number of people present in the office at the same time and hence the risk of infection. At over 90 per cent, the development site in Lübbecke recorded a high vaccination rate. Both the vaccination programme and the testing possibilities made available by the Gauselmann Group had a high take-up rate.

In addition to the Covid-19 strategy in Germany, measures at the international locations also had an impact in the field of research and development. In India, for example, extensive regulatory measures were introduced, while colleagues in Australia were affected by their government's no-Covid-19 strategy. Travel was almost entirely suspended during the reporting year.

Coronavirus restrictions also extended the time taken by authorities to review approval applications, in some cases delaying the granting of

licences. To compensate for the shortage of materials and supply bottlenecks in connection with the pandemic and to ensure supply capability, our staff sought out suitable substitute components, carried out redesigns and subjected these to quality assurance tests.

In the German market, all gaming machines compliant with Version (V) 1 of the Technical Directive (TD) 5.0 had to be deinstalled at the latest by the beginning of 2021 and replaced across the board with V2 machines. adp MERKUR has been developing gaming products that meet the requirements of this version for some years now. These were rolled out in the reporting year.

As part of a new cabinet family, the ZONIC gaming machine was introduced, which is designed to enhance the one-to-one interaction between player and multigamer. During development, considerable investment was also made in the ergonomics and functionality of the ZONIC. The Research and Development department also presented a number of new game systems. The MEGA SPACE additional feature from MEGA quickly proved to be the most successful feature on the German gaming market. As well as features, the Limburg-based game design studio is known for its tower games. MEGA developed another of these tower games in 2021. Designed exclusively for the M-MOTION, Anuris will be launched in 2022. By extending the games portfolio with the inclusion of additional titles with "power spins", the Eastern Westphalians continued to respond to players' gaming preferences in 2021. Thus, in addition to Lucky Pharaoh, three more games were provided with "power spins". 2021 also saw the development of the MULTI PLAY game system, which was launched in the same year. The system has enormous potential, enabling players to play several games simultaneously on just one multigamer. MULTI PLAY is being continuously optimised, with the enhanced version available from 2022.

To enable the blacklist search in the OASIS player blacklisting system as prescribed in the new State Treaty on Gambling ("GlüStV 2021"), adp MERKUR added corresponding functions to the PLAY SAFE & EASY S and PIN CENTER DE LUXE activation solutions already on the market as well as to the MERKUR NET in-house networking system. As additional useful tools for blacklist queries, the MERKUR EASYPLAY operator app and the Smart Check-in player app as an alternative to the player card were developed in the reporting year.

With its subsidiaries Geldwechsel- und Sicherheitstechnik GmbH (GeWeTe) and the HESS Group (HESS) the Gauselmann Group also has its own Cash and Ticketing development capacities in Germany. Both of these companies develop, produce and distribute cash processing system solutions. While in the reporting year GeWeTe focused among other things on product solutions for the retail sector and sports betting, HESS' main focus was on expanding digital solutions and services as well as providing OEM modules for the banking sector.



RESEARCH, DEVELOPMENT AND PRODUCTION

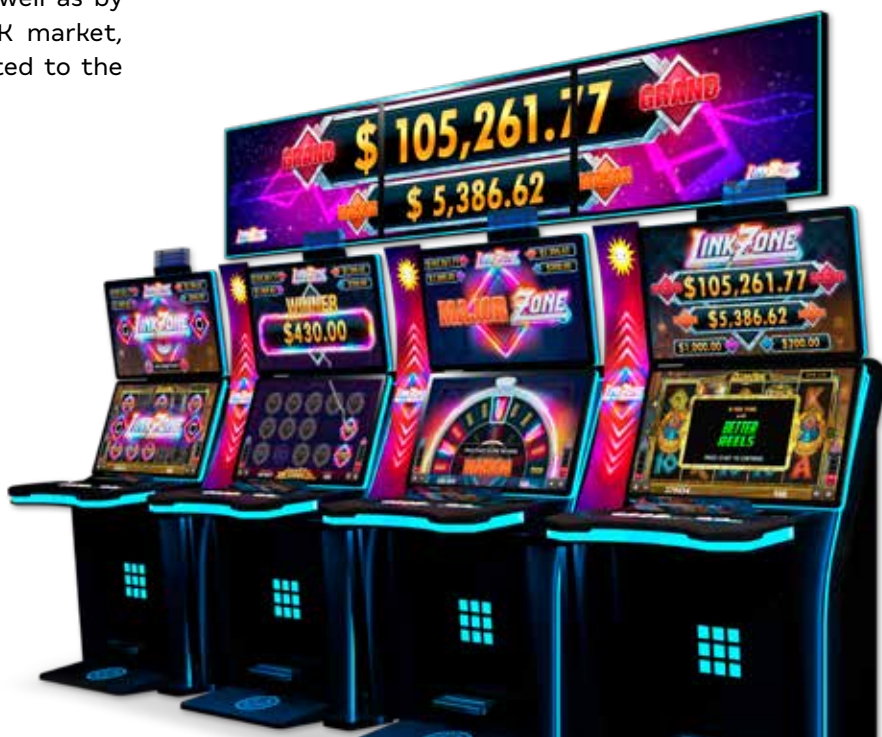
Frankfurt am Main is home to Euro Payment Group GmbH (EPG), offering certified and customisable online payment options under the umbrella of the Gauselmann Group. Following certification as an e-money institution in 2018, EPG began developing and programming its own e-wallet, paylado, which it launched in 2020 together with the fellow subsidiary MERKUR SPORTWETTEN. In the 2021 financial year, paylado was further developed into a fully fledged gaming wallet.

The group has further gaming content development sites located around the world. These can be divided into the segments “multigame” and “linked progressive/mystery jackpot systems” according to their content focus. Development sites in Germany (adp MERKUR and MEGA), Austria (TITAN GAMING and MERKUR GAMING AT), India (MERKUR GAMING India), Australia (Reel Time Gaming) and America (Sunshine Games LLC) are involved in the development of these systems. The linked jackpot systems Link Zone and Solar Link were developed in the reporting year and launched in 2022. With MERKUR Mystery, another jackpot was rolled out.

adp MERKUR also offers a proprietary casino system known as MARS (Machine Administration and Reporting System). This system serves to optimise business processes by linking all machines in a gaming arcade or pub to one server, thus allowing centralised management and control. In the UK, the system is used by Gauselmann subsidiaries MERKUR CASINO UK and Praesepe as well as by various external customers. In the UK market, almost 25,000 machines were connected to the

casino system in 2021. MARS is also used successfully in Serbia and approval has been obtained for its roll-out in Spain. The MERKUR CASINO MARE cruise ship casino on TUI Cruises “Mein Schiff 3” has also been working with the adp MERKUR casino system since 2021.

In the UK, the subsidiary Blueprint Gaming Limited (Blueprint Gaming), based in Newark, is one of the three leading multi-platform developers and providers of digital games. Its portfolio includes over 200 games that are currently available not only online and on mobile devices, but also on over 100,000 land-based gaming machines in the UK, Germany and Italy. These range from games with simple game systems that offer operators attractive marketing opportunities, to innovative free games and interactive bonus games where 40 games are linked via a jackpot system. The cabinet portfolio for the UK market was further developed in the reporting year jointly by the fellow subsidiary Blueprint Operations Limited and adp MERKUR. The four new gaming machines Wave Plus, AuroraMax Plus, AlphaMax Trio and UltraMax performed extremely well. The ongoing shift in the UK from analogue to digital machines was a contributory factor here.



Spain is home to the subsidiary MERKUR DOSNIHA. In addition to product sales, this is entrusted with the development of device software and games content especially for the Spanish market. The employees develop bespoke games and adapt the MERKUR games to the playing habits and prevailing legal framework of the local market. And with great success. With a share of around 25 per cent, MERKUR DOSNIHA is the leading provider in the gaming arcade segment. The market position in the gastronomy segment is also being further strengthened through new developments.

The Gauselmann Group is also present in India with two game development studios, both based in New Delhi: MERKUR GAMING India Pvt. Limited (MERKUR GAMING India) and Lucky Nugget Gaming Pvt. Limited (Lucky Nugget). MERKUR GAMING India develops and implements classic slot machine and online games as well as mobile applications on behalf of adp MERKUR. The company is also entrusted with development of the MERKUR HELPER service app. In addition, MERKUR GAMING India programmes and tests terrestrial and online games for adp MERKUR. In the 2021 financial year, the app was expanded to include, among other things, augmented reality and a new shop function and was also given a redesign. In addition to video graphics (in collaboration with other game design studios), the game design studio Lucky Nugget also develops "conventional" games.

The online games developed by adp MERKUR, Blueprint Gaming and MERKUR GAMING India are licensed by the Hamburg-based Gauselmann subsidiary edict eGaming GmbH (edict) for the different jurisdictions and activated for the various online platforms. In this context, edict started with the development of an "aggregator solution" in 2021, which will also make non-group content available to customers in future. Blueprint Gaming distributes its online games content via its own remote game server in the UK and in Ontario, Canada, among other places.

The Austrian Gauselmann subsidiary CASHPOINT SOLUTIONS (CASHPOINT) specialises in the development of integrated solutions for the bricks-and-mortar and the Internet-based sports bet-

ting market. The Gauselmann Group also operates its online games and online sports betting offering based on the CASHPOINT platform. In the future, the online offering will migrate to the even more powerful platform of software specialist Bede Gaming (Bede), in which the Gauselmann Group has held a majority stake since 2020. Based in Newcastle upon Tyne, UK, Bede is a leader in the development and provision of online gaming platforms and Web services for lottery, casino, sports betting and bingo operators.

Since 2021, the German online market has for the first time also been regulated. Due to the restrictive regulations that apply in Germany, the development of games for this new market proved to be particularly challenging. This was an intensive focus of the international development teams in the reporting year. Development for online games at adp MERKUR is certified to ISO/IEC 27001:2013. With this certification, SGS TÜV Saar confirms the implementation, execution and constant further development of an effective information security management system as well as the efficient handling of possible risks in the company.

With MERKUR eSOLUTIONS, adp MERKUR created a link between land-based and online gaming in the 2021 financial year, providing players with a hybrid gaming offering through a range of hardware and software solutions. In addition to adp MERKUR, the group companies CASHPOINT, GeWeTe and EPG are involved in this project. MERKUR eSOLUTIONS were presented to customers in 2021, with test installation planned from March 2022.

Despite the pandemic-related obstacles, the products introduced in the year under review were well-received by the respective markets. In the future, the aim is to continue to drive forward the development of land-based as well as online games as a core competence of the Gauselmann Group and in particular to strengthen the market position outside Germany.



“2021 was an extremely dynamic business year with numerous challenges, which we mastered together in the MERKUR business division to the best of our ability. This enabled us to strengthen our position at home and abroad in both the bricks-and-mortar and online segments.”

Jürgen Stühmeyer,
Management Board member, MERKUR Sales

The MERKUR business segment consolidates the development, production and sales of games and gaming machines in Germany and abroad, as well as the development and marketing of online casino solutions and online games. In addition, the cash and ticketing activities of the Gauselmann Group, financial services, as well as the development of proprietary sports betting offerings also fall under the remit of this business segment. At the end of 2021, over 3,000 staff members were employed in the MERKUR business segment in national and international operations.

Sales of games and amusement and gaming machines worldwide: Germany

adp MERKUR (formerly adp Gauselmann GmbH)

Germany

The development, production and sales of games and gaming machines are handled under the umbrella of adp MERKUR GmbH (adp MERKUR). On the German gaming market the company, which has its headquarters in Lübbecke in Eastern Westphalia, established itself as market leader from an early date (1984). In international markets, adp MERKUR trades under the MERKUR GAMING brand.

As of 1 October 2021, the management of adp MERKUR was restructured. Up until then, the Management Board members Jürgen Stühmeyer (Sales), Dr Werner Schroer (Research and Development) and Lars Felderhoff (Finance) were also in charge of day-to-day management of their respective remits. The Board members gave up this dual function in 2021 and transferred their executive duties to Dominik Raasch, Frank Gläser and Jochen Clemens. Dominik Raasch is the new Head of Sales and Management Board Spokesman, Frank Gläser is in charge of Research and Development, and Jochen Clemens is responsible



New in the management team of adp MERKUR GmbH since 1 October 2021: Dominik Raasch, Head of Sales and Management Board Spokesman, Frank Gläser, Research and Development, and Jochen Clemens, Administration and Finance.

for Finance. Hans Martin Grube remains Head of Production, while Service remains in the hands of Joachim Mohrmann.

Only a few months later, there was also a change of company name: since 1 March 2022, the former adp Gauselmann GmbH has traded as adp MERKUR GmbH. In this context, the company motto “adp – aus der Praxis” (from the field) has been merged with the globally successful MERKUR corporate brand. With this step, adp MERKUR has consolidated its own appeal and streamlined its international brand profile. The company’s subsidiaries and brands will also be aligned with the new MERKUR company name.

As in the previous financial year, 2021 for adp MERKUR continued to be significantly impacted by the effects of the coronavirus pandemic. Until the month of May, the whole industry was in lockdown. Despite government support, this five-month shutdown led to lower earnings and consequently to a reluctance to invest on the part of customers.

In addition, the new State Treaty on Gambling (“GlüStV 2021”) came into force on 1 July 2021. The related execution of the implementation acts led to the closure of gaming arcade locations and loss of concessions in some federal states. Moreover, the “GlüStV 2021” set out the requirement to introduce the nationwide, cross-game blacklist search in OASIS. The industry as well as operators reacted at pace to develop technical solutions and invested in products in order to implement the legal requirements and to ensure optimum protection of minors and players. Due to the difficult market situation and the effects of the “GlüStV 2021”, adp MERKUR recorded a market decline in its licence portfolio in the reporting year.

adp MERKUR carefully tailored its new products presented in 2021 to the changed market requirements. In doing so, the company implemented all legal requirements and at the same time addressed the needs and wishes of its customers. One important means of identifying these are the regular meetings with the MERKUR Advisory Board. Having been temporarily forced to hold meetings online due to the pandemic, key account customers and representatives from the Gauselmann Group were finally able to meet again in person in spring 2022.

The conversion to TD 5.0 V2 and the mandatory introduction of the OASIS blacklist search has once again reinforced the importance of a high-performance location and device networking. This has created new potential for industry as well as operators. In order to make the blacklist search as uncomplicated as possible for its customers, adp MERKUR has integrated an OASIS module into already established systems. The MERKUR NET in-house networking system and the PIN CENTER DE LUXE activation terminal as well as the PLAY SAFE & EASY S activation solution have been upgraded to include the option of blacklist searches. The company also offers another solution with the MERKUR EASYPLAY app. Thanks to its user-friendly product portfolio, adp MERKUR was able to further expand its market leadership in this segment.

MERKUR BUSINESS SEGMENT

Under TD 5.0 V2, only one identification medium at a time may be handed out to players for activating machines. As a result, operators have reported significantly lower numbers of players switching machines than under V1. This makes it all the more important to reinforce the one-to-one interaction between player and gaming machine. To this end, adp MERKUR launched the ideal product solution with the new ZONIC cabinet family. With its ergonomic design and flexible frame concept, the multigamer guarantees an exclusive and user-friendly gaming experience. In the past, the Lucky Pharaoh power spins game has proven especially popular with players. For the ZONIC, adp MERKUR has therefore added this feature to three more games: Fruitinator Power Spins, Gold Cup Power Spins and Joker's Cap Power Spins. The new multigamer is also a winner when it comes to money management: the new HR cash coin technology, which minimises coin handling, considerably facilitates the cashier process for operators.

adp MERKUR offers the ZONIC as a stand-alone machine as well as in an integrated set-up concept. In the ZONIC ZONE, two or four multigamers are combined with various design elements to create a bespoke gaming zone. Available exclusively as a participation model, with ZONIC ZONE, adp MERKUR has introduced a completely new marketing concept onto the German market. This will benefit both the company and its customers because it will allow operators to offer players the latest MERKUR products without any risk or investment.

The V22 games package generation includes a number of innovations that make slot machine games more exciting and user friendly. With the MULTI PLAY game system, players can experience up to three games at the same time. Since its market launch in September 2021, MULTI PLAY has been continuously enhanced and now, with Gold Cup, Fruitinator, Blazing Star and Eye of Horus, there are four games available for the game system that can be freely combined on the current MERKUR multigamers. With this concept, adp MERKUR has once again revolutionised the gaming



market. The company has also made a name for itself in recent years with its additional features. Another of these followed in 2021 with MEGA SPACE. The respin feature quickly became a player favourite and proved to be the most successful additional feature on the German gaming market.

In the reporting year, adp MERKUR also expanded its product portfolio in the gastronomy sector with the addition of new games packages, including the popular Multi Multi 3-in-1 games packages, a new cabinet edition and the CASINO CORNER room concept.

In addition to land-based slot business, the Gauselmann Group has been active in international licensed and regulated online gaming markets worldwide since 2008. Since the "GlüStV 2021" came into force, the German online market has also been regulated nationwide for the first time. With MERKUR eSOLUTIONS, adp MERKUR created a possibility in 2021 to combine online gaming with land-based gaming, allowing operators who do not wish to host their own online offering to also participate in this new market.



Unrivalled success – the 111,111th M-BOX rolls off the production line! Happy faces: Paul Gauselmann (2nd from left) with (from left) Dr Werner Schroer, Hans Martin Grube and Jürgen Stühmeyer.

The new products were presented for the first time at the industry summit sales event, which returned to the MERKUR SPIEL-ARENA in Düsseldorf in 2021 for its tenth anniversary. More than 1,000 guests accepted the company's invitation and enjoyed an extensive product exhibition, informative expert keynotes and a brilliant evening gala on the pitch in the heart of the arena. The absolute highlight was a performance by illusionists the Ehrlich Brothers, who conjured up the ZONIC on the show stage. The event was followed by the traditional autumn trade fairs in the wholesale branches, which showcased the company's product innovations nationwide.

Customer satisfaction with the products presented was reflected in a very high order volume, especially in the fourth quarter of the reporting year. Nearly all products – irrespective of whether destined for the national or international markets – are manufactured at the company's production plant in Lübbecke to the internationally applicable DIN EN ISO 9001:2015 standard. Material shortages and supply bottlenecks caused by the pandemic led to delivery delays in 2021. However, by adapting manufacturing processes and in some cases carrying out redesigns it was possible to avoid production downtimes.

adp MERKUR is expecting the first half of 2022 to continue to be impacted by the pandemic. The company's goal is to process the open order backlog as quickly as possible to enable supply chains to return to normal. At the same time, numerous other products are in development that will expand the current portfolio in 2022 and further strengthen adp MERKUR's market position in Germany. New revenue potential is also offered by the still young MERKUR eSOLUTIONS offering.



MERKUR BUSINESS SEGMENT

MERKUR SERVICE

As the service provider of the Gauselmann Group, MERKUR-SERVICE GmbH (MERKUR SERVICE) supports operators in a variety of ways with the successful operation of MERKUR products.

The company's technical customer service is extensive: with the nationwide service technician network, the "free & easy" maintenance service, broad-based telephone support and spare parts supply within 24 hours, MERKUR SERVICE offers practical, solution-oriented advice and assistance. The MERKUR SERVICEBOX launched in 2021 is a customer-oriented option for stocking spare and replacement parts. This means that in the event of a malfunction operators are able to act immediately and avoid possible downtimes.

MERKUR SERVICE keeps customers abreast of the latest developments in machine technology via regular training courses and a wide range of seminars and product information events. After the forced break in the previous year due to the coronavirus, the popular technology event was held again in Mallorca in 2021. Some 40 customers registered for the three-day workshop and travelled to the Balearic island together with the specialists from MERKUR SERVICE. The online training courses introduced during the pandemic were continued in 2021 and have become an integral part of the service offering.

Another digital tool provided by MERKUR SERVICE is the MERKUR HELPER app, which can be used to manage a wide variety of service tasks at any time and any place. The technical functions and design of the MERKUR HELPER were further optimised in the reporting year. For example, the integration of augmented reality enables real-time video consultation directly from the app, and the shop has been expanded to include a new search function and product images. The service provider has also set up a bespoke domain offering information about the OASIS blacklist search.

With the implementation of the "GlüStV 2021", MERKUR SERVICE's support service for gaming arcade certification again grew in importance. The "GlüStV 2021", for example, allows for the possibility of retaining existing multiple licences if they meet certain qualitative requirements. One of these is accreditation by an independent certification body. MERKUR SERVICE has been supporting its customers in the accreditation process since 2016. In the 2021 financial year, the service provider expanded its support capacities by a further ten internal auditors.



Digital formats are becoming increasingly prevalent.



The industry summit was held at the Düsseldorf MERKUR SPIEL-ARENA in 2021.

MERKUR GROßHANDEL

As the sales organisation, MERKUR GROßHANDEL is responsible for the marketing and sales of adp products. Staff at ten branch locations throughout Germany personally advise and support customers in all matters relating to slot machine games.

In the reporting year, the traditional autumn trade fairs took place in the wholesale branches following the industry summit. In accordance with the motto "Power with Merkur/Time for ZONIC", the sales team showcased the new products presented at the summit nationwide in the field.

Schneider Automaten

In addition to MERKUR GROßHANDEL, the Schneider Automaten subsidiary with its eight branch offices throughout Germany is another important sales branch for the products manufactured by adp MERKUR. The wholesale company also trades with amusement and gaming machines as well as accessories produced by other manufacturers. Schneider Automaten presented its product range to customers at the Info Days in the branches in March and September 2021. The company operates another location with Walberer Automaten in Essen.

MERKUR Freizeit Leasing

The manufacturer financing company MERKUR Freizeit Leasing (MFL) offers its customers a wide range of services, from attractive rental and leasing concepts to the licensing of games packages and insurance concepts. As a leading financial services provider in the coin-op machine industry, MFL has been firmly established in the market for over 30 years. Customers benefit from a hand-in-hand concept based on close collaboration with other subsidiaries of the Gauselmann Group. MFL offers a further advantage with the MERKUR sun bonus scheme.

Due to the impact of the political restrictions and the consequences of the pandemic for the vending machine industry, 2021 proved to be a rather difficult year for MFL. Under the resulting ongoing general conditions, the company was able to hold its own well in the market, despite having to record a downturn in sales revenues. This was accounted for partly by MFL's coronavirus solidarity campaigns, which benefited the vending machine industry in the form of partial rental and licence rate waivers.



Managing Schneider Automaten's business together from 1 January: Marcel Sandmann (left) and Jörg-Christian Seide.

Sales of games and amusement and gaming machines worldwide: International operations

adp MERKUR GmbH International operations

On international markets, MERKUR products are sold under the international development and sales brand MERKUR GAMING as well as via the Spanish sales company MERKUR DOSNIHA S.L. In the UK, the Gauselmann Group's most important foreign market, the Blueprint Group is responsible for sales activities. Regal Gaming Technologies is the largest pub operator in the UK market.

MERKUR GAMING

Under the MERKUR GAMING brand, adp MERKUR operates national subsidiaries in the Netherlands, Romania and Serbia, as well as on the American continent in Peru, Mexico, Argentina and Colombia. In cooperation with MERKUR GAMING, adp is also responsible for the development and sales activities in the German casinos and on cruise ships.

The main business activities take place in the regulated high-street (gaming arcades and the gastronomy sector) and casino markets. Within the Gauselmann Group, the products can be found in the international gaming arcades of MERKUR CASINO and MERKUR SPIELBANKEN in Germany as well as in the MERKUR CASINO MARE cruise ship casinos.

MERKUR GAMING is also constantly monitoring future markets in order to initiate possible business activities and product developments. These markets include the North American continent.

What form gaming takes differs from continent to continent and from country to country. The challenge for sales activities is that there is not only one, but several player types that differ within the continents. While multigamers are very popular in Germany, players in southern Europe and parts of Latin America prefer single gamers or jackpot products. Especially among younger generations, new gaming trends are emerging in some countries, which are influenced by additional offerings such as online gaming or live gaming offerings.

One of MERKUR GAMING's core competences is the capability to analyse country-specific gaming preferences and translate them into relevant products that comply with the respective country-specific laws and regulations. With its ever-new game concepts, diverse game systems and its constantly growing multigame portfolio, the development and sales brand remained one step ahead of the competition in the 2021 financial year.

Across all markets, linked jackpot systems have proven to be particularly successful and a driving force for product performance. MERKUR GAMING significantly optimised its product range in this area in the year under review. For example, the development and sales brand launched the test phase for its proprietary Link Zone and Solar Link developments, with distribution planned for 2022. Both linked jackpot systems have two progressive jackpots each, linked to several gaming machines, as well as two scalable bonus prizes. Link Zone includes four games, while Solar Link has six games.

MERKUR GAMING attaches great importance to presenting its products at the relevant international trade fairs and fostering a personal exchange with its customers. In 2021, the coronavirus pandemic prevented the sales teams from attending ICE Totally Gaming in London and the Global Gaming Expo (G2E) in Las Vegas. So as to nevertheless be able to foster customer relationships as closely as possible, remain close to the market and maintain sales processes, MERKUR GAMING was one of the first providers to realise an online video offering consisting of product presentations and training courses. The employees of the development and sales brand were quick to get a grip on the challenges posed by this new medium.

International markets have faced a series of legislative changes in recent years. For manufacturers, the resulting restrictions have in some cases meant an enormous development effort and technological challenges, which entail delays and thus make market entry considerably more difficult or even impossible. This market situation has been aggravated by pandemic-related shortages of resources and supply bottlenecks, which have had an impact on production and delivery of international products.

Nevertheless, MERKUR GAMING can look back on a satisfactory business year in 2021. Although earnings did not yet see a return to pre-pandemic levels, the development and sales brand was able to strengthen its market position, with international operators favouring MERKUR GAMING in a large proportion of their investment decisions despite scarce resources.

With the new additions to the product portfolio in 2021 – and more innovations in the pipeline – MERKUR GAMING is also anticipating a positive business development in 2022. The development and sales brand's team will join forces to address the forthcoming challenges of optimising internal processes and strengthening the product range in the target markets.

Business activities in the Spanish market are handled by MERKUR DOSNIHA. The company's approximately 100 employees are involved in games development and the distribution of gaming machines.

The company has its headquarters in Palma de Mallorca. MERKUR DOSNIHA also has branch offices in Madrid, Málaga and Murcia, as well as a logistics warehouse in Alhama de Murcia, providing it with a sales network covering the whole of Spain. MERKUR DOSNIHA also offers a spare parts and customer care service. The employees of the in-house development department develop bespoke games and localise MERKUR games for the Spanish market.

With a market share of around 25 per cent, MERKUR DOSNIHA is the leading provider for gaming arcade operators in Spain. For this segment, the company introduced the MAX games package including the common game Around the World in 2021. This is available for the MAX cabinet of the same name.

In the gastronomy sector, MERKUR DOSNIHA scored a resounding success in 2021 with the new MERKUR Multi Selection/G-BOX Selection product. Numerous other products are currently in development, with which the company is planning to expand its market position in the food service segment.

MERKUR BUSINESS SEGMENT

Blueprint Group and Regal Gaming Technologies

In the UK, the Gauselmann Group operates in the B2B and B2C segments under the umbrella of MERKUR UK. Development and sales as well as B2B installations and service fall under the remit of the MERKUR business segment. These activities are the responsibility of the Blueprint Group and Regal Gaming Technologies. The B2C activities in the UK market are managed by MERKUR CASINO GmbH, which is included in the Gaming Operations business segment.

The Blueprint Group distributes its products to gaming arcades, bingo halls and pub operators in the UK. The group is made up of Blueprint Operations Limited (Blueprint Operations), which is involved in the development and distribution of gaming machines, and Blueprint Gaming Limited (Blueprint Gaming), which develops and distributes games for licensed online gaming markets. Blueprint Gaming's games also enjoy a high degree of popularity in the land-based segment. They are currently available in over 100,000 gaming machines in the UK, Italy and Germany.

Blueprint products are characterised by high-quality games combined with equally high-quality cabinets. The group made the best of the five-month lockdown in the 2021 financial year to

further optimise its products and processes. The employees accomplished remarkable development feats (housings and content), which resulted in top-notch novel products. In the second half-year 2021, the company launched four new gaming machines with enhanced games or game systems: the Wave Plus, the AuroraMax Plus, the AlphaMax Trio and the UltraMax. These performed well, led to a high level of orders and thus contributed significantly to the business success in the UK. Thus, the bricks-and-mortar business achieved excellent sales and earnings figures, even reaching a record high for Blueprint Gaming.

The fellow subsidiary Regal Gaming Technologies operates as a B2B installer of around 15,000 coin-op machines and amusement machines in the UK. The company provides pub operators with a full service package comprising maintenance, technical service, logistics and much more. To this end, Regal Gaming Technologies operates nine service centres across the UK. Regal Gaming owes its success to a combination of first-class service and high-quality Blueprint machines.



The closure of over 2,000 betting shops in the UK and the resulting redistribution opened up attractive growth opportunities for the entire market in 2021. Machine sales, in particular, have benefited as a result. In the pub sector, there is evidence of crowding out as a result of the pandemic and its consequences. Both the Blueprint Group and Regal Gaming Technologies were able to grow in their respective market segments due to the strong performance of their machines.

In the UK, Blueprint Operations, Blueprint Gaming and Regal Gaming Technologies are among the fastest-growing companies and the top three players in their respective business segment. Blueprint Operations has a market share of around 35 per cent, Blueprint Gaming of around 26 per cent and Regal Gaming Technologies of around 20 per cent.

The number of staff employed by the Blueprint Group, Regal Gaming Technologies and the B2C company MERKUR CASINO in the UK rose by 350 new colleagues in 2021, bringing the total headcount to 2,400.

Through its 360° initiative, MERKUR UK has since 2020 committed across all its British subsidiaries to safe gaming offerings and effective player protection in the UK. As part of this initiative, in 2021 the employees of Blueprint Gaming Operations and in 2022 the staff of Regal Gaming Technologies successfully completed the G4 (Global Gambling Guidance Group) training programme.



In the 2022 financial year, the Blueprint Group as well as Regal Gaming Technologies will continue to consistently capitalise on the opportunities presented by the UK market. Thanks to a high-quality product portfolio, the existing infrastructure and the use of diverse technologies, the staff and management are ideally placed to leverage the market potential. The Wave Plus, AuroraMax Plus, AlphaMax Trio and UltraMax cabinets will continue to make a significant contribution to business success. Overall, for 2022 the companies are expecting an excellent business development. Beyond then, too, the course is set for a successful future.

Marketing of online casino solutions and online games

The MERKUR business segment is responsible within the Gauselmann Group for the marketing of online casino solutions and online games (MERKUR Online B2B). The company's product portfolio covers all areas of online gaming. For example, the subsidiary CASHPOINT SOLUTIONS and portfolio company Bede Gaming provide platforms for operators of online gaming offerings, while the online games originate from the Eastern Westphalian corporate group's international game design studios. The games are licensed for the various jurisdictions and activated for online gaming providers by the subsidiary edict eGaming. The portfolio is rounded out by the products and services of the Euro Payment Group subsidiary, which operates in the areas of online payment and gateway services. With its paylodo e-wallet, the company provides an innovative e-money payment option for online gaming.



*Thomas Bone,
MERKUR Online Divisions (B2B)*

The entry into force of the new State Treaty on Gambling ("GlüStV 2021") legally regulated online gaming in Germany for the first time, opening up new business potential for the MERKUR Online B2B segment. At the same time, the underlying regulatory framework presented the Gauselmann Group's online segment with major challenges. The gambling tax of 5.3 per cent considerably reduces the payout ratio for virtual slot games. However, in the interest of consumer and player protection, an attractive and strong legal online offering is fundamental to preventing players from migrating to the black market. The efforts of MERKUR Online B2B to make gaming as attractive as possible in other ways – for example through variable odds and features – were able to mitigate the problem of high gambling tax, but not to eliminate it altogether. Moreover, in 2021, the Federal States' Joint Gambling Authority had not yet given a positive decision on any of the more than 50 licence applications submitted.

The international online markets have also to an increasing extent been regulated in recent years. This is a positive development for the Gauselmann Group, as its business activities are focused exclusively on licensed, regulated markets. However, there is an increasing trend towards over-regulation of markets, which makes legal online gaming less attractive.

The mission of the MERKUR Online B2B division is to create the best offerings for land-based, online and hybrid customers. The market situation confirms this strategy: current studies attest to the strong growth rates of online gaming as an additional customer channel. With this in mind, the Gauselmann Group extended its product portfolio in the 2021 financial year to include MERKUR eSOLUTIONS.

MERKUR eSOLUTIONS

Online business is booming in almost all spheres of life. Since the coming into force of the "GlüStV 2021", the vending machine industry has also profited from this. With MERKUR eSOLUTIONS' participation model, operators can reap the benefits of this new potential without the need to run their own online casino. In a practical 360-degree approach, MERKUR eSOLUTIONS link land-based and online gaming by integrating various hardware and software solutions. Via the MERKUR eSOLUTIONS terminal, players can register for MERKUR online gaming and the company's proprietary paylado e-wallet directly from gaming arcades, bars and restaurants or sports betting shops. Cash and e-money transactions can also be made from the MERKUR eSOLUTIONS terminal or from a paylado-only terminal. Furthermore, the PC-based systems of Gauselmann subsidiary GeWeTe can be upgraded with a paylado module for this purpose.

An attractive participation model also allows customers to benefit from MERKUR eSOLUTIONS' offering. By installing one of the terminals at their business, they participate in every self-registration, every online game the registered player plays as well as all land-based paylado transactions.

MERKUR eSOLUTIONS were presented for the first time at the 2021 industry summit and met with lively interest among operators. All solutions are based on the clearly understandable "quick, simple, online" principle: register quickly, effect deposits and withdrawals simply via paylado, have fun online while gaming, betting or e-commerce shopping. The integration of the individual sub-components – from the online platform to the MERKUR eSOLUTIONS terminal – enables optimal omnichannel marketing at all times.



EYAS GAMING provides online games platforms together with Bede Gaming.

Bede Gaming

Bede Gaming (Bede) is a leading platform developer and also provides Web services for lottery, casino, sports betting and bingo hall operators. The company was founded in 2012 and is headquartered in Newcastle upon Tyne (UK). It operates additional locations in Sofia (Bulgaria) and Toronto (Canada). Bede has been majority-owned by the Eastern Westphalian Gauselmann Group since 2020.

Bede's platform is scalable, modular and adaptable, allowing operators to integrate any third-party software as well as customised tools. These include solutions for KYC (Know Your Customer) and CRM (Customer Relationship Management), payment methods, native apps, games and sports betting. As an omnichannel-enabled solution, it can also be integrated into land-based systems. The Bede platform processes billions of transactions per year.



Virtual gaming fun in the UK: to complement the land-based offering, a selection of MERKUR titles is now also available online.

MERKUR BUSINESS SEGMENT

The software specialist is licensed by the UK Gambling Commission and the Malta Gaming Authority (MGA) and is registered with the Alcohol and Gaming Commission of Ontario (AGCO). The company is a Gambling Business Associate of the Alderney Gambling Control Commission (AGCC) and is ISO 27001-certified for its information security. Bede conducts its main business activities in Canada. The company is also active on the UK market, in South Africa and, since the reporting year, in Malta.

2021 was a transformative financial year for Bede Gaming, with the company reporting consistent profits for the first time. The migration of the Ontario Lottery and Gaming Corporation (OLG), one of the largest lottery and gaming providers in the world, to the Bede platform was an enormous success for the company. The integration of a third-party sports betting provider into the Bede platform also allowed Bede to provide this offering to OLG. In addition, native apps were integrated. Since switching to the Bede platform, OLG has seen its digital performance grow significantly. The new, digital offering has seen the number of successful new registrations as well as the accompanying increase in online players rise by up to 110 per cent since October 2020. The attractive gaming offering has enabled operator OLG in Ontario to channel customers from illegal to legal offerings – powered by Bede.

Within the group, Bede supported MERKUR SPORTWETTEN with content aggregation and provided platform services for EYAS GAMING Limited, which launched a hybrid gaming offering on the UK market.

To enable its use in the recently regulated German market, the Bede platform was further developed to take account of the legal requirements that apply in Germany. In preparation for the market entry, the Bede-Play interface was also integrated at CASHPOINT. The company will continue to work on developing its offering for the German online casino market in 2022.

Most international online markets are also highly regulated and subject to strict regulatory requirements, to which Bede individually tailors its product offering. Bede could also tap into growth opportunities resulting from lottery and casino operators who are launching their online offerings for the first time or who are looking to migrate them to a more powerful platform. On the rapidly growing North American market, providers competed for market share in 2021. To what extent Bede will exploit this potential will be decided in the 2022 business year.

In the reporting year, the number of employees increased from 225 to 263. In order to raise its profile as an attractive employer, the software specialist has completely reorganised its human resources department.

edict eGaming GmbH

Software company edict eGaming GmbH (edict), with headquarters in Hamburg, specialises in the development and sales of online games. Besides pure software licensing, the company offers its customers comprehensive technical services. The products are marketed in the B2B segment.

With the increasing globalisation of the industry, the company's business activities have extended to cover the worldwide online casino market. A special focus is on distribution within the licensed markets of the European Union as well as on the South American market. The main business activities are conducted within Germany, edict's development location. Sales and the provision of technical services are handled by fellow subsidiaries in Malta and the Isle of Man.

All companies applied for and have been granted the necessary gambling licences from the respective competent authorities. As edict is licensed extensively throughout Europe, the company is able to offer its products in almost all regulated markets. This strategy has had a consistently positive influence on the very good competitive position of the Gauselmann subsidiary in recent years.

Regulatory market openings in the 2021 financial year enabled edict to gain a foothold in two new countries. First, the entry into force of the "GlüStV 2021" legally opened up the German domestic market, with a very positive overall effect on edict's business development. Then, with the granting of the first licence at the beginning of October, another important EU market opened up in the Netherlands, where the company's products have been in use with major operators since the market opened.

The export share in the reporting year was around 30 per cent. This decline compared to previous years was due to the opening of the German online gaming market, where edict was able to generate massive increases in sales revenues in 2021, leading to a disproportionate shift in the export share.

edict is constantly expanding its games portfolio and provides the games on a reliable and secure system platform. Operators are thus able to offer their players a sustainable, diversified and trusted online casino and, as a result, establish long-term customer loyalty. edict is also responsible for marketing MERKUR games outside the Gauselmann Group. Within the group, edict's products are used in all of its own online casino and sports betting portals, in particular the XTIP portal and the MERKUR24 social casino. Further corporate portals are scheduled to go live in 2022.

In the reporting year, the Gauselmann subsidiary also began developing a so-called aggregator solution. The idea was to also make non-group content available to customers via the already existing interfaces for games distribution. To this end, external suppliers were already integrated into edict's games portfolio, with more to follow in 2022. The market launch of the aggregator solution was planned for the second quarter of 2022.

Within the scope of a consolidation project, the roll-out of this bespoke turnkey solution was shelved in 2021. Following from this, the company focused on the distribution of games content and reduced its headcount to 44 in line with demand. These changes posed a number of challenges for edict, which, in a concerted effort between management and staff, were successfully overcome.

Business developed very positively in the 2021 financial year. Following a complete strategic reorientation and massive cost savings, edict improved its business performance by 40 per cent year on year. This trend is set to continue in the coming years.

For 2022, the company anticipates a very good business development. edict hopes to increase sales revenues and step up its sales activities. In combination with the already implemented consolidation measures and the advantages of the new aggregator solution, these measures will contribute to securing the company's long-term business success.



MERKUR BUSINESS SEGMENT

Blueprint Gaming Limited

Blueprint Gaming Limited (Blueprint Gaming), which has its headquarters in Newark, is among the three leading multi-platform developers and providers of digital games (online and mobile) in the United Kingdom.

Blueprint Gaming in the meantime successfully sells its products in 21 regulated markets throughout Europe, with its main activities focused on the UK. Here, the company holds up to 26 per cent of the market share and generates 80 per cent of its total sales revenues. With Germany, the Netherlands and Greece, the Gauselmann subsidiary tapped into three new markets in the 2021 financial year.

The company develops and provides new games for its target markets on an ongoing basis. These activities are underpinned by licences from the UK Gambling Commission and the Alderney Gambling Control Commission. In the reporting year, Blueprint Gaming presented 49 new games, including The Goonies Return and Fishin' Frenzy: The Big Catch.

In addition to online casinos, the games developed by Blueprint Gaming are currently available

in over 100,000 gaming machines in the UK, Italy and Germany.

Business activities in the land-based slot machine business are the responsibility of the fellow subsidiary Blueprint Operations Limited.

Like all online businesses, Blueprint Gaming was barely affected by the coronavirus-related restrictions. From the beginning of the pandemic through to the third quarter of 2021, the gaming market in the UK grew significantly, as a result of which the company was even able to improve its sales revenues, its profits and its market share. On the back of the increased demand, the company also continued to expand its workforce in the reporting year, with staff working from home during the lockdown in the first half of the year.

Blueprint Gaming expects a successful 2022 financial year. In the UK market, the company is not projecting any further significant growth. It is therefore planning to achieve its general growth target through other licensed markets and projects, such as the USA and Canada. Here, Blueprint games are currently being rolled out and are expected to generate further sales revenues and profit potential.



The improved landing page allows players to find their favourite games faster and place them directly in the optimised betting slip.



The QuickBet feature is a new, easy-to-use sports betting product with a focus on combination bets designed to facilitate customers' first steps with sports betting.

Marketing of sports betting solutions

CASHPOINT SOLUTIONS

Almost the entire national and international sports betting business of the Gauselmann Group is handled behind the scenes by the group-owned "product house" CASHPOINT SOLUTIONS (CASH-POINT) in Gerasdorf, Austria. The product portfolio of the Gauselmann subsidiary includes reliable full-service land-based and online solutions that are adapted to the applicable laws and regulations in the respective target markets. The Austrian product house provides services for the core markets of Germany, Austria, Denmark and Belgium.

The comprehensive betting offering, especially in the live betting segment, a sophisticated risk management that ensures particularly lucrative gaming margins, as well as the deep integration of bricks-and-mortar operations and online business, including native apps, distinguish the CASH-POINT products and set the omnichannel offering apart from the competition.

Thanks to the high online share in Austria and the shop-in-shop systems in Denmark, it was possible in 2021 to at least partially compensate for the coronavirus-related decline in sales.

The roll-out of virtual sports betting in Denmark also contributed to the business success of CASH-POINT in the past year.

In addition to the continuous development of sports betting products, the product house is also involved in the development of accompanying offerings. These include the MERKUR eSOLUTIONS terminal and parts of the paylado product. CASH-POINT is working on their optimisation in close coordination with fellow subsidiaries Euro Payment Group, adp MERKUR and GeWeTe.

In order to offer players an even wider range of options, CASHPOINT is focusing on expanding its product portfolio in the 2022 financial year. Additional features such as simplified betting offerings and improved cashout options will make the products even more attractive for end customers. Obtaining the online slot licence for Germany would also open up opportunities to expand market activities on the German market together with other group companies. In preparation for this, it is planned to integrate the sports betting offering into the platform of the Gauselmann portfolio company Bede Gaming.

Cash and ticketing activities

In the area of money management, the Gauselmann Group has been successful in the market for many years with its two subsidiaries GeWeTe Geldwechsel- und Sicherheitstechnik GmbH (GeWeTe) and HESS Cash Systems GmbH (HESS). Both subsidiaries develop, produce and distribute money-changing and payment systems. While GeWeTe specialises in the production of money-changing systems for casinos, arcades and sports betting shops as well as areas outside the gaming sector, HESS focuses on developing coin-processing self-service solutions and payment systems for banks, municipalities, retail companies and the public sector.

GeWeTe Geldwechsel- und Sicherheitstechnik GmbH

In today's world, payment methods are becoming more and more diverse, highlighting the importance of flexible money management. In cooperation with renowned suppliers, GeWeTe's almost 30 years of expertise encompasses suitable vending machine solutions for checking, issuing and recycling of banknotes and coins as well as processing and generating tickets and vouchers and accepting cashless payment cards and e-wallets. The focus is at all times on all relevant aspects of cash security.

The Gauselmann subsidiary develops, manufactures and distributes automated pay stations as well as money-changing and payment systems for customers in Germany and abroad. The main customer groups for the money-changing systems are gaming arcades and casinos. In Germany, the company is the uncontested market leader in this sector. In the sports betting segment, the company provides cash-handling solutions for sports betting shops, and has currently equipped more than 40 sports betting providers worldwide with

its systems. In addition, GeWeTe's solutions are found in many other areas outside the gaming industry, including department stores, shopping malls, retail, swimming pools, libraries, campsites, launderettes, car washes, public transport operators or hospitals.

From simple small-change machines to PC-controlled high-end product – the products from GeWeTe are characterised by their quality "made in Germany", their durability, modern design, user-friendliness and their bespoke configuration possibilities. Since hardware and software are developed in-house, all machines can be configured flexibly and in a timely manner in line with industry-specific requirements and individual customer wishes. The products are manufactured at the company's production plant in Mechernich.

This customised solution management makes GeWeTe competitive in the international arena. The introduction of a more cost-effective platform in 2016, along with the connectivity of debit and credit cards to the non-PC-controlled systems has provided the company with a new USP and also made the solutions attractive in price-sensitive markets.

GeWeTe's products are distributed worldwide, with a continued focus on Germany. In the UK, Italy and Spain, GeWeTe operates with its own team of employees and in all other European countries has business relationships with distribution partners. Furthermore, the company currently has business connections in Serbia, Finland, Turkey, the Benelux union, Switzerland, Austria, Lithuania, Greece, Cyprus, Argentina, Portugal, Sweden, Norway, Ireland and France in the area of money-changing machines and automated pay stations, while the US market is also becoming increasingly important. On the back of the pandemic, the export ratio was just under 37 per cent.

Within the Gauselmann Group, GeWeTe's products can be found in the sports brands XTiP, CASH-POINT and MERKUR Win and the gaming arcades of MERKUR CASINO as well as in the MERKUR CASINO MARE cruise ship casinos.

GeWeTe is continuously acquiring new customers. However, due to the coronavirus pandemic, the appetite for investment on the global gaming markets in the 2021 financial year tended to be low. Despite this, new developments in areas other than the gaming industry meant it was possible to achieve a positive result for the year.

Although the company is the clear market leader for money-changing systems in Germany, there is currently almost no potential for expansion in Germany due to new legal regulations through the state arcade laws and the resulting reluctance to invest. To compensate for this, GeWeTe already started to explore retail as a new business field in the 2020 financial year, and further expanded this segment in 2021. For this segment, the company developed two new groundbreaking payment stations, the Cash Desk ECO and the Cash Desk XS, for bricks-and-mortar land-based retail outlets. The product range in the sports betting segment was also expanded with the Cash-Center Backloader. Additional cashless solutions, such as e-wallets and card payment systems for use both within and outside Europe, were also integrated into the machines.

The Cash-Center Backloader is installed "through a hole the wall" and offers 24/7 cash-handling.

The pandemic situation in the 2021 financial year forced the majority of GeWeTe's international customers to suspend business operations, with the result that the company introduced short-time work for over seven months. However, all 100 employees were kept on during this period and new hires are planned for the coming financial year. The lockdown period was mainly used to develop new systems, so that the development department in particular was able to work at full capacity during the lockdown.

If the pandemic situation improves in 2022, further positive business development can be expected. The aim is to focus on expanding export business, significantly increasing cashless payment-handling, but also on developing new cash-handling solutions for betting providers as well as companies outside the gaming industry. In the business of money-changing systems in German gaming arcades, success continues to depend on how the political situation develops.



HESS Cash Systems GmbH

Founded in 1885, the HESS Group today is made up of HESS Cash Systems GmbH with headquarters in Magstadt, near Stuttgart, as well as its two subsidiaries HESS Austria GmbH with locations in Gratkorn and Linz and HESS Schweiz AG in Bern. The HESS Group specialises in the development, production and distribution of high-quality, ISO 9001-certified money-processing system solutions centred around automated cash and payment-handling for banks, municipalities, retail companies, libraries and energy suppliers.

The company offers its customers money-processing and integrated system payment solutions, which it plans, builds and programs independently. The automatic pay station, payment terminal and cash-handling solutions can be individually tailored to the needs of the different customer groups. Decades of experience and specific know-how as a system integrator, coupled with proprietary cash and payment-handling software, are among the company's core competences.

In addition to high-performance hardware and software, the HESS product portfolio also includes digital solutions and services based on building up and developing the MultiPay Advance (MPA) solution platform and integrating process technologies such as QR codes into the existing portfolio. Comprehensive and full-coverage customer service including maintenance and servicing as well as software applications and spare parts supplies in Germany, Austria and Switzerland are further hallmarks of HESS.

The focus of business activities in 2021 was predominantly on Germany, Austria, Switzerland and France, where the company is market leader for self-service coin processing terminals in the banking segment. HESS complies with various EU directives such as Regulation (EC) No. 1338/2001 stipulating measures necessary for the protection of the euro against counterfeiting. Since 2019, HESS has been the first manufacturer to be certified by Deutsche Bundesbank and listed with its systems online and was again successfully recertified in the 2021 financial year.

The worldwide export of OEM (original equipment manufacturer) modules for coin processing is handled via the major international ATM manufacturers NCR, KEBA and Diebold Nixdorf. HESS is present with these in 40 countries around the world, the most important sales markets being Australia, New Zealand, Dubai, Oman and Saudi Arabia. The export ratio in the 2021 financial year remained unchanged from previous years at around 40 per cent.

In collaboration with its OEM partner NCR, a technology company for customer transactions, HESS successfully launched the worldwide roll-out of the TopCoin and TopRoll modules in the 2021 business year. In addition, the roll-out of the new TopCoin250 module for Commerzbank AG in collaboration with OEM partner KEBA, which got underway in the previous year, continued, and the new MultiPay 411 payment solution, an automated pay station that can be adapted to the customer's individual corporate identity, was successfully piloted in the Bavarian state capital of Munich.





Dominik Seel and, from 9 February 2021, Harald Heinz (right) make up the management of HESS Cash Systems.

In Germany, HESS is also market leader in the area of payment systems for municipalities, but has for years been exposed to strong pressure on prices from smaller competitors. Furthermore, HESS successfully met the increased demand for purely digital payment solutions resulting from the pandemic with the introduction of the HESS SmartKiosk digital payment terminal as well as its innovative POS solutions. These new product developments marked the next stage in the company's transformation from a provider of classic cash-handling to a service provider for digital solutions in all areas of payment-handling and accompanying services in the current financial year and further enhanced its positioning vis-à-vis the competition.

Owing to the pandemic, HESS reported a slight downturn in business growth in the 2021 financial year. Despite the lower market demand coupled with declining orders, the company was, however, able to further improve earnings compared with previous years as a result of targeted measures, such as improving product and service profitability while optimising costs, and move into stable profit-earning territory. At the end of the financial year, HESS had 204 full-time employees including external personnel.

HESS is also increasingly affected by the supply problems on the international procurement markets and the associated price increases that are occurring as a result of the pandemic. The company has countered this by concluding extensive framework contracts for critical components, building up additional contingency stocks and implementing price increases for end products.

In light of the overall economic situation, the company is expecting weaker market demand for the 2022 financial year. The main challenge going forward will lie in shaping the transformation process from traditional cash solutions to digital transactions. Here, HESS benefits from its outstanding market positioning, its full-service approach and its own customer service. In order to further develop and build the digital solutions portfolio together with our partners, extensive investments will need to be made in software development in the coming years.

MERKUR BUSINESS SEGMENT



New CEO of the Euro Payment Group since 14 January 2021 is Rupert Kainzbauer (left). Oliver Krückemeier remains Commercial Director.

Financial Services

Euro Payment Group

Euro Payment Group (EPG), which has its headquarters in Frankfurt am Main, is a payment services provider that specialises in the areas of on-line payment and gateway services. It has been part of the Gauselmann Group since 2014. EPG offers its services to both external and in-house customers.

EPG's Malta-based subsidiary holds an e-money institution (EMI) licence that since mid-2019 can be used through porting in several European Union countries, including Germany. EPG used this licence as the basis for launching the paylado e-wallet on the market in summer 2020 together with the partner company MERKUR SPORTWETTEN GmbH. Initially, this was operated with a limited scope of use. In the course of the 2021 financial year it was further developed into a fully fledged gaming wallet. A test phase was successfully started at the end of the reporting year, and shows a

high level of product functionality. In a next step, paylado is to be expanded beyond online gaming and sports betting to become a fully fledged e-wallet, so that users can benefit from the convenient and user-friendly features of the e-wallet in numerous other areas in the future.

In addition, EPG updated its payment gateway in the reporting year and migrated it to the cloud. In 2022, it is intended to make the gateway even more attractive and user-friendly by adding various convenient features, thus opening up new customer segments for EPG.

Within the scope of its business activities, EPG increased its workforce to 38 in 2021. The Gauselmann subsidiary is aiming for strong growth in 2022 among other things through the establishment of internally run IT development centres.





MERKUR
SPIELBANKEN

M A G A Z I N E



EXCLUSIVE

Interview with
Paul Gauselmann

CASINO ACTIVITIES AT A GLANCE

*MERKUR SPIELBANKEN NRW
as part of the Gauselmann Group*

**NETWORKING ACROSS THE GROUP –
A WIN-WIN SITUATION**

**The future of casinos
in the online world**

INTERVIEW WITH PAUL GAUSELMANN



You became successful with gaming for small stakes and prizes in gaming arcades and the gastronomy segment. Since when has the topic of casinos been on your agenda?

Obviously, we've always been keen to complement our commercial gaming operations by taking over state-operated gaming in casinos in the individual federal states. However, this is

only possible if a state government privatises its respective casinos or if the licence of an already privatised state casino expires.

In what ways does gaming on a small scale in gaming arcades and the gastronomy segment differ from gaming on a larger scale in casinos?



Small-scale gaming in gaming arcades and the gastronomy segment is defined within a very narrow framework by the Gaming Ordinance, which is enacted by the federal government and the states. In the case of state-run casinos, the respective federal states with their own staff ensure that the regulatory conditions are implemented. If the casinos are privatised, the private companies must observe all strict regulations.

Following the casinos in Saxony-Anhalt, Berlin and Rhineland-Palatinate, in September 2021 you were awarded the contract for the operation of the casinos in North Rhine-Westphalia (NRW). How important are the casinos in your home state to you and what plans are you pursuing?

After a lot of hard work, ingenuity and good arguments, we won the bid for the four North Rhine-Westphalian casinos as of 1 July 2021 and the option to open two more locations in NRW. Prior to this, a very strict selection process was conducted in which we prevailed against numerous contenders from Germany and abroad. As citizens and a company from North Rhine-Westphalia, we are very happy to have been awarded the contract with a term of 15 years.

In Saxony-Anhalt, you were able to multiply visitor numbers within a few years of taking over. How did you manage that?

In Saxony-Anhalt, for ten years you saw three casinos generate sales revenues that caused annual losses amounting to 2–3 million euros. After we took over, the direction of travel was pretty much the same in the first year.

We then applied all the experience gained from the operation of our MERKUR CASINOS, which have already received several awards in Germany for their top-class standard, to the initial and advanced training of the employees in the state casinos.

We also let the insights from our observation of players' behaviour flow into our machine development, with the result that – in addition to excellent customer service – every player will find the machine that suits them best. We deinstalled all machines that consistently generated less than 50 per cent of the average sales revenues.

We also streamlined the whole environment and the particular organisation along modern entrepreneurial lines to meet the needs of our customers. This has led to a six- to eightfold increase in the number of visitors over the past five years. Our customers' best interests have always been at the heart of all we do.

Thus, the state mandate to deter customers from illegal gambling and to instead offer them a corresponding legal range of options compliant with German laws and regulations has been more than fulfilled. This applies to all our areas of activity.

In the case of Saxony-Anhalt, this means that whereas under state management losses of 2 to 3 million euros a year were made, now a double-digit million-euro figure is paid to the state from the casinos' profits.

You are not only an operator of casinos, but also a technology supplier. MERKUR gaming machines can in the meantime be found in almost all 70 German casinos. How do you explain this high demand?

In the beginning, it wasn't easy to successfully design and manufacture suitable machines for casino operations on the basis of insights gained from our commercial business. It wasn't until we started operating our own casinos that we were able to road-test our machines in practice and observe what players wanted and what their preferences were. Over time, we have succeeded in predominantly increasing market share in German casinos with our gaming machines.

INTERVIEW WITH PAUL GAUSELMANN

In the foreseeable future, online casinos will also be licensed, effectively simply taking casinos onto the Internet. Do you view these new legal offerings as competition or as a welcome addition?

Things are evolving – and that also goes for gaming on the Internet. Currently, the first licences are being granted for virtual slot machine gaming, soon to be followed by licences for online casinos with filmed table games, etc. Unfortunately, the conditions for these licences are very old-fashioned, not practical, outdated and not comparable with those in other countries. If the state comes to its senses and in future creates practicable conditions with respect to player offerings and prevention, so that companies can develop correspondingly attractive online offerings, gaming on the Internet, as in the UK for example, will have the same status as land-based gaming – whether in casinos or gaming arcades, whereby land-based gaming will lose nothing of its importance.

Final question: you have made your fortune through gaming. What was your biggest stake, and did it pay off?

I have enjoyed playing games my whole life. During the Second World War, which was very hard on everyone, but especially on us children, I spent many hours with my brothers in the air-raid shelters playing all kinds of games that were customary at the time. This gave me a taste for the enjoyment of gaming and an understanding that when you're immersed in a game, everything else seems to fall away. Even today, my wife and I still play battle solitaire and Rummikub for a few hours at the weekend – and have a lot of fun. It's also about winning and losing.

In that sense it was almost logical that at the age of 22 – although already a family man with two sons – I had to seize the opportunity and take a big risk. With no savings and a bill of exchange for 100,000 D-marks, I started up a sideline in the entertainment business, or rather, installing jukeboxes, something which spilled over from America to Germany after the war. With the necessary round-the-clock dedication, I was able to pay off all my debts within 24 months and from then on shape the company as I saw fit.

And today, 65 years down the road, I am proud that my one-man sideline has evolved into an internationally successful company with almost 15,000 jobs. Through all these years, I have always managed the business in such a way that no employee ever had to wait for their pay and the banks always had confidence in me whenever I needed money to generate further sales revenues. All profits remained in the company, allowing me over the long term to become independent of banks. Today, I'm pleased to say that in 65 years our annual financial statements have never been red. While we did get very close to the minus threshold during the coronavirus pandemic and after the threefold VAT increase in 1993, we have never fallen below it. Thanks to the expansion of our international operations, we were able to reduce our dependence on individual markets and thus spread the risk over more and more countries in Europe and Central and South America. All in all, the group generated almost 60 per cent of its total sales revenues outside Germany. With this in mind, I am confident that the company as a whole and our employees have a bright future ahead.



CASINO ACTIVITIES AT A GLANCE

The Gauselmann Group has been actively involved in the casino segment since 2013. The company opened its first venue in Saxony-Anhalt in 2014, followed in 2016 by a stake in Spielbank Berlin and in 2019 in the casinos in Rhineland-Palatinate.

In 2021, the company was awarded the contract in the tendering procedure for the operation of the four casinos in North Rhine-Westphalia. In addition, since 2016, the Gauselmann Group has operated several international ship casinos.



MERKUR SPIELBANKEN SACHSEN-ANHALT

The Gauselmann Group's involvement in the casino segment began in 2013 when it won the bid to operate state-owned casinos in Saxony-Anhalt in a Europe-wide selection process. The company currently operates venues in Leuna-Günthersdorf, Magdeburg and Halle (Saale) in Saxony-Anhalt. Since 2022, the casinos in Saxony-Anhalt have been managed by Olcay Kaçak as Director.

Leuna-Günthersdorf – 2014: opening

- 35 employees
- 38,700 players per year
- 842 m² gaming area
- Gaming offering:
 - 149 gaming machines
 - 8 games tables – American roulette, blackjack and poker
- Casino manager: Martina Wüstefeld

Magdeburg – 2016: opening

- 25 employees
- 32,600 players per year
- 451 m² gaming area
- gaming area
 - 112 gaming machines
- Casino manager: Jens Barthelmes

Halle (Saale) – 2018: opening

- 25 employees
- 16,600 players per year
- 322 m² gaming area
- gaming area
 - 84 gaming machines
- Casino manager: Tobias Hellbach

As at 31 December 2021



SPIELBANK BERLIN

The continued success in the casino segment moved the Gauselmann Group to further expand its activities in this newly developed business area. In 2016, the Gauselmann Group therefore acquired a 40 per cent stake in Spielbank

Berlin GmbH & Co. KG with its four locations at Potsdamer Platz, Ellipse Spandau, Fernsehturm (television tower) and Kurfürstendamm.

Potsdamer Platz – 1975: opening of the main venue in the Europa Center
1998: move to Potsdamer Platz

- 406 employees (total casinos in Berlin)
- 144,400 players per year
- 4,320 m² gaming area
- Gaming offering:
 - 424 gaming machines
 - 66 games tables – American roulette, blackjack, poker and TouchBet roulette

Ellipse Spandau – 2005: opening

- 406 employees (total casinos in Berlin)
- 26,100 players per year
- 382 m² gaming area
- Gaming offering:
 - 79 gaming machines
 - 2 games tables – blackjack and poker

Fernsehturm (television tower) – 2013: acquisition of the venue from Westspiel

- 406 employees (total casinos in Berlin)
- 58,400 players per year
- 1,151 m² gaming area
- Gaming offering:
 - 97 gaming machines
 - 43 games tables – American roulette, blackjack, poker and TouchBet roulette

Kurfürstendamm – 1984: opening at Los Angeles Platz
2021: move to Kurfürstendamm

- 406 employees (total casinos in Berlin)
- 64,500 players per year
- 804 m² gaming area
- Gaming offering:
 - 100 gaming machines
 - 44 games tables – American roulette, blackjack, poker and TouchBet roulette

As at 31 December 2021



CASINOS IN RHINELAND-PALATINATE

Since 2019, the Gauselmann Group has held a 33 per cent stake in Spielbank Berlin GmbH & Co. KG, the operating company of the Spielbanken Mainz, Trier and Bad Ems.

All three locations were refurbished, modernised and upgraded with further attractive gaming offerings over the past few years.

Mainz – 1988: opening in the Hilton Hotel Mainz (Rhine facing)
2010: move to the “Domflügel” of the Hilton Hotel

- 88 employees
- 47,800 players per year
- 1,091 m² gaming area
- Gaming offering:
 - 169 gaming machines
 - 5 games tables – blackjack and roulette

Bad Ems – 1987: opening (first time 1720)

- 22 employees
- 19,100 players per year
- 306 m² gaming area
- Gaming offering:
 - 80 gaming machines
 - 1 games table – roulette

Trier – 1988: opening in the Dorint Hotel (later Mercure Hotel)

- 18 employees
- 10,400 players per year
- 322 m² gaming area
- Gaming offering:
 - 71 gaming machines
 - 1 games table – roulette

As at 31 December 2021





MERKUR CASINO MARE

The Gauselmann Group has been operating several international ship casinos under the name MERKUR CASINO MARE since 2016. Currently, passengers on TUI Cruises

“Mein Schiff 1”, “Mein Schiff 2” and “Mein Schiff 3” liners can enjoy the first-class MERKUR gaming experience.

- 3 employees per cruise ship (incl. manager)
 - around 60 m² gaming area per cruise ship
 - Gaming offering:
 - “Mein Schiff 1”: 16 gaming machines, 2 games tables
 - “Mein Schiff 2”: 14 gaming machines, 2 games tables
 - “Mein Schiff 3”: 18 gaming machines, 1 games table
- Classic games: ocean poker, blackjack, Texas-Hold'em and blackjack tournaments as well as bingo

- Special feature: the casinos are only open when the cruise ships are in international waters. In the winter months, TUI Cruises' “Mein Schiff” fleet cruises in the Caribbean and the Canaries, while in summer the destinations are the Mediterranean, Norway and Western Europe.

As at 31 December 2021



MERKUR SPIELBANKEN NRW AS PART OF THE GAUSELMANN GROUP

We offer more than just games!

Since 1 September 2021, the state-licensed casinos in North Rhine-Westphalia have officially been part of the Gauselmann Group. And there's a new buzz in the family-owned company's home state: with Managing Directors David Schnabel and Jochen Braun, two seasoned industry experts are steering the fortunes of MERKUR SPIELBANKEN NRW. We spoke with the management duo about the quality characteristics of the casinos, potential for optimisation and the company's goals.



Mr Schnabel, what in your view is the particular hallmark of the casinos in NRW?

David Schnabel: *Throughout their history, the casinos in NRW have always set new benchmarks and over the past decades have repeatedly realigned the "casino" entertainment offering with classic games, slot machine games and gastronomic offerings. We intend to continue in this tradition and tailor all our games and services to the wishes and expectations of our casino guests going forward. A visit to MERKUR SPIELBANKEN NRW comes with a promise of quality that our colleagues at the venues are dedicated to delivering every day.*

Mr Braun, where do you see the strengths of the casinos in NRW – especially in terms of differentiation from the competition?

Jochen Braun: *We combine the traditional flair of a visit to a casino with a modern service and entertainment offering. Our venues today are more attractive than ever. We offer our guests the most popular, state-of-the-art gaming machines, and are constantly expanding the classic games segment with new concepts. In addition, the core activities at our venues are flanked by a first-class service and gastronomic offering as well as entertaining live events and game-related series of events. At MERKUR SPIELBANK Hohensyburg, our SYGHT restaurant and the FOX dance club are additional highlights.*

What role does the live atmosphere in the casinos play in this context?

Braun: *The casino experience – with all its different offerings – must be made attractive and entertaining for our guests. The exciting presentation of our gaming line-up by our colleagues in the venues as well as outstanding service play a key role in this. Because these are our USPs compared with the diverse online offerings.*

As we all know, standing still means going backwards. What optimisation potential do you see for casinos in NRW?

Schnabel: *As in the past few years, we have to continue to give due consideration to players' wishes and expectations and tailor our games and service offerings accordingly. In doing so, it is our ambition not to merely copy trends, but to be the trendsetter for the entire industry. We will, of course, be sure to install the latest gaming machines as well as attractive jackpot systems, and also establish high-quality classic games with exciting additional chances of winning, as well as novel show concepts. We are confident that by consistently dovetailing gaming fun, gaming experience, gastronomy and live entertainment we are laying the groundwork for our success.*

Braun: *We don't want to be constantly chasing trends in the gaming industry; on the contrary, we want to spearhead their development and implement new ideas and concepts. Our aspiration is to play a productive role in the gaming industry. This ambition is a source of motivation and orientation for our colleagues.*

What specific goals have you set your sights on for MERKUR SPIELBANKEN NRW?

Schnabel: *The pace of change in the gaming industry has never been more dynamic than in the past few years. Digitalisation has made inroads in nearly all areas of life, and gaming is no exception. We will prepare for these new challenges and, in particular, use the opportunity to legally offer online casino games and successfully compete with the already large number of online providers. Additionally, we have the option to open two more venues in NRW. Planning for the Monheim location is in full swing. In parallel, we are also drawing up concepts for the sixth venue.*



**MERKUR SPIELBANK
Hohensyburg**



**MERKUR CASINO
Bad Oeynhausen**



**MERKUR CASINO
Duisburg**



**MERKUR SPIELBANK
Aachen**



**MERKUR SPIELBANK
Monheim**



INTERVIEW

with casino managers Thomas Fleischer and Thomas Stoßberg



What distinguishes MERKUR SPIELBANK Aachen?

Thomas Stoßberg: Well, the first thing to mention is, of course, our location. We are the only casino in Germany to be located inside a football stadium. The Tivoli is known for its first-class atmosphere and the ambience in our casino is no less impressive. In addition to our modern range of slot games, our poker tournaments are also immensely popular and are famous in the community beyond the city boundaries.

What highlights have you celebrated in recent years?

Thomas Fleischer: There have been quite a few. The record attendance back in June 2019 at our in-house show production Big Casino Game-show – a truly standout evening where our guests had a lot of fun. Then there was the commissioning of our current multi-roulette stations and, more recently, the comeback of our poker tournaments within the framework of the Easter Cup 2022.

What can guests look forward to in the future?

Thomas Stoßberg: Our quality pledge to our visitors hasn't changed: a modern gaming offering combined with excellent service.

Thomas Fleischer: Furthermore, we naturally hope that we will soon be able to offer visitors even more entertainment with our games-related live events.



Opening: 1976 (Kurhaus Aachen), 2015 (Aachen Tivoli)

Gaming area: 870 m²

Employees: 112

Gaming offering: American roulette, blackjack, poker, slots

Number of slot machines: 122

Number of gaming tables: 16

Gross gaming revenues in 2021: 9.321 million euros

Number of visitors in 2021: 46,900

The Tivoli stadium is not only home to Alemannia Aachen football club, but also to MERKUR SPIELBANK Aachen. The casino is one of the most traditional establishments in North Rhine-Westphalia and welcomed its guests in the former Kurhaus (spa hotel) of the imperial city from 1976 onwards. During extensive renovation work at its traditional location, the casino moved to Aachen's Tivoli stadium in 2015, since when it has been entertaining visitors with a first-class gaming offering.



INTERVIEW

with Director Joachim Pollok



What distinguishes MERKUR CASINO Bad Oeynhausen?

With our gaming offering, we always have our finger on the pulse of the time and are often the first casino in Germany to present guests with exciting new slot machine games. What's more, our gastronomy offers a veritable eyecatcher. In our Diamond Bar, a special lighting installation in the shape of a diamond casts glittering reflections on the guests – definitely creating a very special flair.

What highlights have you celebrated in recent years?

What springs to mind here is our birthday week in August 2019, when we celebrated the 20th anniversary at the current location with a Winner Week. In the course of the week, our casino hosted a variety of additional and special games, live game shows, poker and slot tournaments as well as top-class show acts. This marked a true milestone in our history.

What can guests look forward to in the future?

Due to the pandemic, our casino guests had to forego our popular Full House Party for a longer stretch of time. But we are now cranking up our events again and will soon be offering "high-speed" main prizes with the new Auto Mystery Jackpot.



Opening: 1980 (Kurhaus Bad Oeynhausen), 1999 (Werre-Park)

Gaming area: 1,595 m²

Employees: 90

Gaming offering: American roulette, blackjack, poker, slots

Number of slot machines: 151

Number of gaming tables: 17

Gross gaming revenues in 2021: 10.061 million euros

Number of visitors in 2021: 47,700

Special highlight: a tetrahedron-shaped diamond shines in the Diamond Bar, creating a very special gastronomic atmosphere.

Gaming in Eastern Westphalia has a long tradition. In 1980, the Casino Bad Oeynhausen opened its doors for the first time in the old Kurhaus and fascinated visitors with a wide range of games in a stylish ambience. In 1999, the casino changed location and moved into its new home in the Werre-Park, Eastern Westphalia's largest shopping centre, where MERKUR CASINO Bad Oeynhausen welcomes its guests in typical American "Las Vegas style" and offers seamless access to a wide range of classic games and slots. Visitors can try their luck at roulette, poker and blackjack as well as the latest generation of slot machine games.



INTERVIEW

with Director Michael Wiebeck



What distinguishes MERKUR CASINO Duisburg?

We pursue the goal of making our gaming venue even more attractive for our guests with new concepts and ideas. For example, in 2019, we opened Duisburg Arena – a spectacular space featuring a stadium set-up with 25 state-of-the-art multiplay terminals where our guests can experience the classic casino games blackjack and roulette in a breath-taking atmosphere.

What highlights have you celebrated in recent years?

Besides the opening of the Duisburg Arena, for me our annual summer festivals are among the absolute highlights. Singers such as Mickie Krause and Ross Antony have performed there and we have always been able to offer our guests great entertainment with a wide-ranging programme of artists and acts. The big dance parties in the slots area of the casino are something else that people remember for a long time.

What can guests look forward to in the future?

We have installed a new show stage for our casino in our main lobby, which we will also use for all live events in the future. Furthermore, we are continuously modernising the games offering in our slots and, of course, only make the most popular machines available to our guests.



Opening: 2002 (Alte Post, slot machine venue), 2007 (CityPalais)

Gaming area: 2,320 m²

Employees: 208

Gaming offering: American roulette, blackjack, poker, slots

Number of slot machines: 400

Number of gaming tables: 27

Gross gaming revenues in 2021: 38.033 million euros

Number of visitors in 2021: 158,700

As early as 2002, a slot machine arm of MERKUR CASINO Duisburg opened in the building of the old post office in Duisburg city centre. Today, hundreds of guests visit the casino in the CityPalais every day to play roulette, blackjack and poker as well as the modern slots. MERKUR CASINO Duisburg is one of the most frequented casinos in Germany.



INTERVIEW

with Director Stefan Retzlaff



What distinguishes MERKUR SPIELBANK Hohensyburg?

Hardly any other casino can look back on such a storied past as ours or has reinvented itself so often. In recent years, we have modernised the casino extensively and made it fit for a successful future. Modern slot machines with attractive jackpot facilities and a large number of tables for classic games fulfil our guests' every wish. And where else can you combine a visit to the casino with a visit to a restaurant and end the evening on the dance floor of a discotheque? At MERKUR SPIELBANK Hohensyburg we offer everything under one roof!

What highlights have you celebrated in your casino in recent years?

With our dinner shows, we have been offering visitors real show highlights during the Christmas season for years – where culinary pièces de résistance by gourmet chefs meet top international acrobatics performed by award-winning artists. But there have also been many highlights on the gaming side, for example our spectacular car draw. The Porsche Carrera 911 that found a new owner in 2020 springs to mind.

What can guests look forward to in the future?

We will continue to leverage the synergy effects at our venue between the individual gastronomic offerings and gaming operations and ensure that we also make good on our ambition to offer guests 360-degree entertainment in the future.



Opening: 1985

Gaming area: 1,940 m²

Employees: 193

Gaming offering: American roulette, blackjack, poker, slots

Number of slot machines: 326

Number of gaming tables: 24

Gross gaming revenues in 2021: 23.621 million euros

Number of visitors in 2021: 109,400

Special highlight: classic cuisine and good-mood parties.
In addition to an attractive range of games, the casino in Hohen-
syburg also boasts the FOX dance club, which is known throughout
Germany, and the successful SYGHT restaurant.

As a modern entertainment temple, MERKUR SPIELBANK Hohensy-
burg has a supra-regional appeal: thanks to the top restaurant SYGHT,
the FOX dance club and exciting live events, the casino is one of the
hotspots of the Ruhr metropolis. Located just outside Dortmund, the
games offering of roulette, blackjack and poker as well as the latest
generation of slots ensures first-class entertainment.



INTERVIEW

with Stephan Schwarz and Barbara de Mari (casino managers)



"We are delighted that in Monheim we have found such an ideal location. Lying between Düsseldorf and Cologne, the town has the perfect catchment radius for the new MERKUR SPIELBANK. Like this, we not only reach long-standing casino-goers – we also have a very visible presence and that makes people curious."

"We have already successfully grown together as a team during the project phase; everyone is actively contributing their long experience here. Now,

the opening is finally coming closer and we will have the chance to prove ourselves as the perfect hosts for our game-loving clientele."

"It's really a special occasion – the opening of the first new casino location in NRW for 15 years. And that's not all – the games offering is also going to be without parallel. On an area of 4,300 m², we will offer our guests a true entertainment highlight."

"It's a really simple formula: MERKUR SPIELBANK Monheim will set new

benchmarks in the industry. Take the brand-new range of machines from Gauselmann – presented in a highly attractive/modern way and continuously upgraded – and combine them with the special ambience of classic games, and what you get is simply unbeatable."

"MERKUR SPIELBANKEN NRW is now part of the Gauselmann Group, with vast specialist know-how on both sides. We were able to draw on this to perfection when planning the new MERKUR SPIELBANK Monheim."



Opening: Coming soon

Gaming area: approx.. 4,800 m² on two storeys

Employees: around 150

Gaming offering: roulette, blackjack, poker against the bank, slots

Number of slot machines: 510

Number of gaming tables: 15

"MERKUR SPIELBANK Monheim is not only an incredible gain for the entertainment offering in the region and far beyond. It will also create 150 jobs! I am especially looking forward to all of the new colleagues."

"We are hugely looking forward to the moment when the doors open to guests for the first time. Casino – it's in our blood. We've planned and set in motion so many small and big things, and now it's finally becoming real!"



**UNDER
CONSTRUCTION**
start in winter
2022/23

NETWORKING ACROSS THE GROUP – A WIN-WIN SITUATION

In 2014, the Gauselmann Group opened its first casino in Leuna-Günthersdorf in Saxony-Anhalt. This marked the beginning of a very successful investment in the casino segment, which was successively expanded in the subsequent years. The highlight of the success story was the takeover of the casinos in NRW in the summer of 2021. With this, the many years of expertise of the Gauselmann Group meet an exceptional infrastructure with four venues and the option of two more in Germany's most populous federal state. It has already been possible to realise synergy potential that makes the whole venture a real success story.

While the gross gaming revenues in the industry fell by almost 11 per cent in 2021 due to the pandemic, the casinos in NRW only recorded a minus of 0.5 per cent. A consistent focus on players' needs is something that has always characterised the Gauselmann Group and has definitely contributed to its success in Saxony-Anhalt, where the company has achieved significant increases in gross gaming revenues every year (with the exception of the pandemic-related years 2020 and 2021). This constant striving to optimise is rooted in the need for private-sector companies to hold their ground against the competition on a daily basis and hence their readiness to often go that crucial extra mile.

However, synergies can also be found on entirely different levels – for example, marketing. Thus, SPIELBANKEN

NRW now also benefits from the strong appeal of the MERKUR sun, which stands for an innovative gaming experience at the highest level and, among other things, adorns the approximately 800 gaming arcades of the Gauselmann Group throughout Europe. SPIELBANKEN NRW can now also profit from the association of the MERKUR sun with the values of gaming enjoyment and, in the broadest sense, joie de vie.

The employees of SPIELBANKEN NRW also enjoy another benefit: they can now participate in the numerous development opportunities offered by the Eastern Westphalian Gauselmann Group, which has traditionally focused on increasing employee satisfaction by offering wide-ranging training programmes. The success of this strategy is reflected in the high level of employee identification with the group, which also

manifests itself in above-average staff retention and several hundred service anniversaries each year. The casino staff have already experienced at first hand what this employee-centric culture means. Following the takeover, the more than 900 employees were invited to welcome events at Schloss Benkhausen, the Gauselmann Group's training centre. Opportunities for the employees of both SPIELBANKEN NRW and SPIELBANKEN Sachsen-Anhalt to benefit from each other's individual experiences are already emerging. For example, a mutual exchange on a small scale has already taken place, helping to broaden horizons on both sides. SPIELBANKEN NRW's decades-long experience is particularly worth mentioning here, which now combines with the agile corporate culture characterised by short decision-making processes of the Gauselmann Group.



From September 2021 to April 2022, the MERKUR SPIELBETRIEBE HR Development department organised almost 25 kick-off events at Schloss Benkhausen to welcome the new employees.

Company founder and Chairman of the Management Board Paul Gauselmann took the opportunity to personally welcome the new management staff to the Gauselmann Group.



Immediate decisions and constant monitoring also distinguish the games offering the Gauselmann Group provides in its casinos, where the live games as well as slots are continuously optimised in terms of their performance. In this, SPIELBANKEN NRW now benefits from the fact that the Gauselmann Group is not only a respected operator of casinos, but also

an innovative developer of games and a successful manufacturer of its own slot machines. Consequently, not only are the products offered in the casinos constantly being reviewed, but where necessary they are also replaced by innovative new developments from within our own company. The processes in the casinos also come under regular scrutiny and are adapt-

ed and optimised as needed. This results in a continuous optimisation loop which, also thanks to the forward-looking developments across the group – for example with money-changing machines from GeTeWe – continuously improves the casinos and tailors the offering more individually to local players.



MERKUR on the inside and on the outside: the North Rhine-Westphalian casinos are resplendent in the familiar brand design of the Gauselmann Group. Here, the exterior façade of the casino in Aachen's Tivoli stadium.



THE FUTURE OF CASINOS IN THE ONLINE WORLD

Attending meetings, participating in training courses, shopping for clothes or streaming series – all this can now be done conveniently via the Internet. In recent years, the online world has become an increasingly important part of our everyday lives in more and more areas. In times of rapidly advancing digitalisation, almost every activity – whether professional or private – can be experienced both offline and online. And gaming is no exception.

For decades, gaming enthusiasts had to rely on finding gaming arcades and casinos in the nearby geographical vicinity in order to satisfy their natural gambling instincts. In recent years, however, and in 2020 and 2021 in particular, the German gaming market has seen significant changes. With the entry into force of the State Treaty on Gambling in 2021 (“GlüStV 2021”), gaming on the Internet became permissible. Thanks to a transitional arrangement, gaming enthusiasts have been enjoying virtual slot games on the Internet since October 2020. Irrespective of time and place, the online offering makes it possible to play anytime and anywhere.

While the range of virtual slot games on the Internet is becoming increasingly broad and diverse, the operation of online casinos is still in its infancy. Online casinos include the operation of virtual classic games as well as the organisation of live casino games on the Web. Both forms of classic online games are anchored in the “GlüStV 2021” – both forms are therefore permissible and both forms will exist in the

future on the German gaming market. “When?” and “How?” are the questions currently begging for an answer from the individual federal states. The current legal framework does not provide for nationwide and uniform regulation for the operation of online casinos; instead, the federal states are encouraged to regulate gambling on the Web themselves.

The 2021 “GlüStV 2021” provides two options: either the federal state places gaming in the hands of a company operating under public law and thus creates a state monopoly, or, depending on the number of bricks-and-mortar casinos in the respective federal state, it awards limited concessions to private-sector companies. It is therefore up to the individual federal states to establish a legal basis, pass it in parliament and thus ensure legal certainty. This has already happened in five federal states (as of June 2021). While Bavaria, Thuringia and Saxony have spoken out in favour of a state monopoly, Schleswig-Holstein and North Rhine-Westphalia award operator licences to private-sector companies.

The federal state of Schleswig-Holstein has already adopted a corresponding legal basis for the operation of online casinos. The call for tenders for the total of five operator licences was also launched in April 2022. The federal state aims to have completed the tendering procedure and finalised the distribution of the licences by the fourth quarter of 2022 at the latest. The first hurdles on the way to a legal online casino offering for citizens residing in Schleswig-Holstein have thus been overcome.



North Rhine-Westphalia is also permitted to award five licences for the operation of online casinos. The tendering procedure is expected to be launched towards the end of 2022, with the granting of the licences expected in the first or second quarter of the following year at the earliest. For the Gauselmann Group, licences to operate online casinos are particularly attractive due to the federal state's economic strength and exceptionally high population.

With regard to operating live casino games, the current legal situation is extremely positive for existing casino organisations. Single concession licence holders have the possibility to operate studios in which table games are filmed in order to make classic games available live on the Web for gaming-enthusiast end consumers. However, the organisers are only allowed to operate these studios for this purpose; they may not sell the games to others and may not offer the games live on-site.

Casino organisations may also operate such studios without public traffic; however, in addition they have the option of operating so-called hybrid tables. In this case, table games that are offered live on-site in the casinos can additionally be filmed, enabling players to experience them simultaneously online. Casino organisations can thus make a single table playable offline and live on-site as well as online on the Web.

In North Rhine-Westphalia, casino organisations are permitted to operate such hybrid tables even without an existing concession for organising live casino games. The casino organisation has another advantage with regard to the sale of its gaming offering: while single concession licence holders are prohibited from selling their gaming offering to third parties, the casino organisation may legally make its live casino games available to other licence holders.

For the Gauselmann Group, operating an online casino and, correspondingly, organising live casino games is highly interesting, especially in light of the fact that the company already operates the land-based casinos in North Rhine-Westphalia. The licence to operate an online casino would open up two additional business segments for the group: on the one hand in the B2B segment by providing and filming the tables, and on the other hand in the B2C segment by organising live casino games for gaming-enthusiast end consumers. The Gauselmann Group is currently working at pace and in close cooperation with other group companies on developing corresponding technologies that will make classic games an attractive gaming experience at home or while on the move.



"In these difficult and challenging times, we have seized the opportunity to continue to drive the company forward and strengthen the profitability of the Gauselmann Group. Thus, thanks to major investments in national and international future markets, we have once again expanded our portfolio and optimally equipped ourselves for the time ahead."

Dieter Kuhlmann,
Management Board member, Gaming Operations

Gaming arcades and the gastronomy sector in Germany

"Unique atmosphere", "innovative products and games", "best service" and "qualified personnel" – these four success factors have secured the position of MERKUR CASINO GmbH with its three business segments operation of gaming arcades in Germany, arcade management and installations in bars and restaurants as an industry frontrunner.

Paul Gauselmann paved the way for the development of the company's present success with the opening of his first proprietary gaming arcade in Delmenhorst, Lower Saxony, in 1974. Forty-seven years later, in the 2021 financial year, MERKUR CASINO operates more than 400 of its own arcades in Germany with in excess of 3,600 staff and around 7,900 installed gaming machines and 530 amusement machines. This again made MERKUR CASINO the market leader in Germany in the past business year.

However, currently applicable legislation continued to make expansion via new locations difficult, which is why MERKUR CASINO again relied on acquisitions of competitors in the past business year. With the takeover of the gaming arcades of the northern German Bührmann Group in 2021, the company gained 34 gaming arcades and approximately 60 hospitality venues in Bremen and Lower Saxony. Three additional gaming arcades were newly built and 20 venues had to be closed due to legal regulations.

In addition to operating arcades, further focuses of MERKUR CASINO are installations in pubs and restaurants and arcade management. The installation of gaming machines in the gastronomy, hotel and food service segments is subsumed under the MERKUR GASTRO umbrella brand, which brings together the companies E. Duske GmbH & Co. KG,

GAP Projektentwicklungs GmbH, Gustav Lauser GmbH and msp Münzspielpartner GmbH & Co. KG, as well as M. Hartmann-Automaten GmbH. New additions in this area following the takeover of various individual companies from the Bührmann Group are the gastronomy installations of Bührmann A + I GmbH, Gerdes Spielkonzepte GmbH & Co. KG and Play-Fair Casino GmbH & Co. KG.

True to the motto “Bringing games to the gastronomy sector”, this business segment consolidates decades-long experience in installing gaming and amusement machines in pubs, restaurants and snack bars, as well as motorway service stations and petrol stations. The company’s history offers up ample proof that gaming and gastronomy are a perfect fit. For years, gaming machines in gastronomy set-ups have provided moments of excitement at the locations of restaurateurs and partners.

As a service provider, MERKUR CASINO also actively supports various slot machine operators in the operational management of their gaming arcades with its “Gaming arcade management exclusively by MERKUR CASINO”. In the 2021 financial year, the company supported a total of 12 companies with 111 locations and around 1,800 gaming machines.

The 2021 business year

One event right at the beginning of the 2021 financial year that had a significant impact on MERKUR CASINO’s business activities was the final conversion of all gaming machines installed in Germany to comply with Technical Directive (TD) 5.0 version (V) 2. In contrast to a V1 machine, under TD 5.0 V2 gaming machines must be fitted with a device-specific, user-independent ID reader with which the player can activate the machine. Operators are duty-bound to ensure that each player is only ever handed out one means of identification. The majority of gaming machines were upgraded to TD 5.0 V2 in November 2020. Depending on when the licences for the machines were issued, they had to be converted to V2 by 28 February 2021 at the latest.

As was the case in the 2020 financial year, the coronavirus pandemic brought major and intensive challenges for MERKUR CASINO last year. From November 2020 to May 2021, the whole of Germany was in lockdown. Until the first reopening on 13 May 2021, all MERKUR CASINO branches nationwide had to remain closed, meaning that no revenues could be generated during these first five months. In order to preserve the company’s liquidity, the branch employees and many of the staff at the central departments had to be put on short-time work.



GAMING OPERATIONS BUSINESS SEGMENT

As a result of the lockdown, takings in the national branch business in 2021 were 33 per cent down on the previous year. The reason for this was, among other things, the access restrictions (so-called 3G/2G/2G+), which meant that business picked up again much more slowly than usual after the lockdown ended.

Business activities in the hospitality sector were also severely impeded by the pandemic situation. The changing admission restrictions (3G/2G/2G+) limited the accessibility and use of gaming machines in gastronomy establishments across the board to people who had been vaccinated, had recovered from a coronavirus infection, and/or tested negative. Fortunately, however, the significantly lower customer footfall did not lead to the additional number of closures in the gastronomy sector feared for 2021. Thus, the number of gastronomy locations nationwide decreased by “only” 2.7 per cent compared to the previous year. As a rule, it can be assumed that the affected gastronomy locations will be put to similar use in the future, so that they can continue to be seen as locations for installing the group’s gaming machines.

Moreover, the entry into force of the State Treaty on Gambling (“GlüStV 2021”) had a significant impact on the company’s business development. Thus, from 30 June to 1 July the number of licences in Germany fell by around 11 per cent, with further reductions following successively in the weeks and months that followed. With the so-called exemption clause, the “GlüStV 2021” gives the federal states the possibility to retain up to three existing multiple licences in the same building or building complex and to deviate from applicable minimum distances. In addition to a particularly high level of player and youth protection, another prerequisite is that the gaming arcades were already in operation on 1 January 2020 and that they meet further quality criteria. MERKUR CASINO fulfils these requirements at almost all interconnected locations. With the exemption clause, the focus is for the first time on qualitative as opposed to quantitative regulatory criteria for player protection and the prevention of pathological gaming behaviour.





The management team of MERKUR CASINO GmbH (from left): Benjamin Bredenkamp, National Sales, Meik Sellenriek, Commercial Director and Management Board Spokesman, and Stefan Bruns, International Sales.

Furthermore, in the past business year, all of the group's gastronomy locations were prepared for the introduction of the OASIS blacklist and the corresponding player blacklist search. MERKUR GASTRO is thus optimally prepared for the effective introduction of the player blacklisting system and can carry out the changeover quickly and with little impact. For this, the company relied entirely on in-house expertise: with the product solutions from adp MERKUR, players are guaranteed convenient and fast data reconciliation so that access to the gaming offering is made as barrier-free as possible. For example, at all planned locations, PLAY SAFE & EASY S activation terminals were installed, or use of the EASYPLAY app was planned. In addition to corresponding advance notice, partners, customers and gastronomy operators received detailed information material on the introduction and operation of the player blacklisting system.

With effect from 1 December 2021, MERKUR CASINO GmbH has had a new management structure. Dieter Kuhlmann, Management Board member with responsibility for the Gaming Operations business segment and previously Management Board Spokesman for MERKUR CASINO GmbH, handed over his management duties of the National Sales division to Benjamin Bredenkamp, whose most recent position was Director of Branch Operations. In his capacity as Management Board member, Dieter Kuhlmann continues to have overall responsibility for the Gaming Operations business segment. Meik Sellenriek, Commercial Director of MERKUR CASINO GmbH, was appointed Management Board Spokesman with effect from 1 December 2021. Stefan Bruns will continue with the same high quality to exercise responsibility as Managing Director for MERKUR CASINO International GmbH.

GAMING OPERATIONS BUSINESS SEGMENT

Personnel development

In order to live up to the two success factors “best service” and “qualified personnel”, to guarantee first-class customer service in the branches and strengthen staff loyalty and identification with the company, MERKUR CASINO continued to promote staff qualification measures despite the pandemic and related lockdowns. By switching to digital and blended learning concepts (a combination of the advantages of in-person training and e-learning), employees were again able to take advantage of a variety of training options in 2021.

In order to make the training offering for the Gaming Operations business segment even more targeted and effective, all personnel development activities for the Gaming Operations employees were concentrated in a separate department at the beginning of 2021. Since then, all induction and advanced training programmes have been offered and carried out from a single source both for the specialist and management staff of the gaming arcades, casinos and sports betting shops as well as for the administrative departments of the MERKUR CASINO, MERKUR SPIELBANKEN and MERKUR SPORTWETTEN business units.

In the past business year, a total of 24 employees completed the one-year certificate course to become a casino service specialist (IHK-approved), which was set up in cooperation with the Chamber of Industry and Commerce (IHK). The popularity and success of this in-house training course has been demonstrated in 2022, with the 900th candidate successfully completing the certificate

course in March 2022. In addition, during the past financial year, a total of 17 job entrants began the industry-specific vocational training course recognised by the Chamber of Industry and Commerce to become coin-op specialists. Company founder Paul Gauselmann himself was one of the key initiators who campaigned for the conceptual design and introduction of this apprenticeship profession. The so-called external students' examination was also an integral part of the further training offered by MERKUR CASINO's personnel development department last year. In cooperation with TÜV Rheinland Akademie GmbH, the company is currently preparing 24 employees for the IHK (Chamber of Industry and Commerce) examination (winter 2021/summer 2022) and thus for the vocational qualification of “coin-op service technician”. In 2021, MERKUR CASINO once again focused on the managers of tomorrow: at the flagship store at the company's headquarters in Espelkamp in Eastern Westphalia, the company offers future branch managers ongoing and intensive training to prepare them for their new position of responsibility.

In order to welcome newly hired employees to the Gauselmann Group, to qualify them at an early stage and to build a bond with the company, induction sessions are held at regular intervals at the company headquarters in Espelkamp. In 2021, for example, over 260 new employees took part in the kick-off events at the training centre at Schloss Benkhausen.

Another focus of the training offered by MERKUR CASINO last year was player protection. This



topic was not only dealt with during the many initial and advanced training measures, but also within the framework of external training courses. Many more training courses are planned for the employees of MERKUR CASINO in 2022 – because, closely linked to the success factors of “best service” and “highly-qualified personnel”, it is above all the staff that set MERKUR CASINO apart from its competitors.

Awards

Highest quality and first-class service are hallmarks of the Gauselmann Group and, by extension, of MERKUR CASINO. For good reason, the Gauselmann subsidiary is valued as a trusted employer, as is underscored by numerous awards from recognised bodies. In 2021, for the seventh year in a row, MERKUR CASINO was named Top National Employer by FOCUS BUSINESS magazine, ranking it nationwide among the most popular 1,000 employers from 40 business sectors. MERKUR CASINO’s gaming arcades are also a popular choice among players and again earned the title “most popular arcade” from FOCUS MONEY magazine in 2021. MERKUR CASINO not only came top in the overall ranking, but also received the accolade “very good” in the five individual categories of Professionalism, Choice of games, Service, Staff and Atmosphere.

Outlook on the business year 2022

The first half of the 2022 business year was again dominated by the coronavirus pandemic and the associated hygiene measures. The access restrictions (so-called 2G/2G+), the collection of contact data and the requirement to wear a mask continued to have a strong impact on visitor numbers. Furthermore, the new Lower Saxony arcade law entered into force in February 2022.

In addition to the ban on serving food and drinks free of charge, the Non-Smokers Protection Act has since also affected visitor numbers at all Lower Saxony branches.

Particularly in those federal states where the company has already had to accept considerable losses due to legal restrictions and where there is the prospect of even greater losses to come, expansion in 2022 needs to be pursued in a targeted manner. Where economically viable, acquisitions of further locations are also to be realised. In addition, the question of certifications is continuing to grow in importance in 2022. Particularly in light of the “GlüStV 2021”, these will remain indispensable to the process of applying for and granting licences and will therefore be even more important for the group.

For the slot machine business in restaurants and snack bars as well as food service business at motorway service stations, the 2022 business year also began with coronavirus-related restrictions. The pandemic situation and associated restrictions continued to ease in the first quarter of 2022, so that by the spring almost normal footfall was recorded in the gastronomy segment, where our gaming machines are found. In the second half-year, demand for the products is expected to return to normal levels. First positive results achieved towards the end of 2021 and in the first half of 2022 underscore the confidence in this expected development.

GAMING OPERATIONS BUSINESS SEGMENT

Gaming arcades international

Since the opening of the first gaming arcade outside Germany in 1986, the four success factors of MERKUR CASINO – “unique atmosphere”, “innovative products and games”, “best service” and “qualified personnel” – have also been integral to the concept of the fellow subsidiary MERKUR CASINO International. Taking account of the specificities of the respective local markets, the Gauselmann Group, through MERKUR CASINO International GmbH, operated over 400 arcades and casinos with more than 14,500 gaming machines in other European countries in the 2021 business year, making the group one of Europe’s biggest and most successful gaming arcade operators.

MERKUR CASINO International GmbH is present in seven European countries: the UK, Spain, the Netherlands, Bulgaria, Croatia, the Czech Republic and Serbia. With over 200 and 150 branches respectively, the UK and Serbia are the largest and most economically relevant markets for MERKUR CASINO International. Difficult political conditions and a raft of very different requirements in the individual countries impinged on MERKUR

CASINO International’s business activities in the reporting year, with a corresponding impact on the company’s operating profits.

Furthermore, the Gauselmann Group’s international arcade segment was again severely affected in 2021 by the repercussions of the coronavirus pandemic. Months-long lockdowns, adjusted opening and closing times, specifying a maximum number of players and differing admission rules all markedly influenced the company’s external sales revenues, which in large part are generated through the operation of gaming arcades. All coronavirus measures, some of which came into force at very short notice, were successfully implemented in the individual countries. With the reopening of the international arcades, players started returning. MERKUR CASINO International was again unable to fully match the business success of the pre-Covid-19 years in 2021 on the back of the pandemic; nevertheless, thanks to the loyalty of players outside Germany, international sales revenues were higher than in the previous year.



In the UK, MERKUR CASINO International closed three branches and opened 36 new ones in the past business year as part of its expansion strategy. The Future Venues project launched in 2018, within the scope of which the arcades of the British Gauselmann subsidiary MERKUR CASINO UK are being modernised to meet the MERKUR standards in terms of design and machine quality, was successfully continued.

In the Czech Republic, MERKUR CASINO International had to close two arcades in the past business year. Moreover, with effect from 1 January 2021, video lottery terminals have been banned across the entire metropolitan area of Prague. Machines with existing licences may continue to be operated for a transitional period of three years up to 31 December 2023. Classic gaming is not affected by the ban. As a consequence of this constraint on bricks-and-mortar business, online games are growing in importance in the Czech Republic.

In Bulgaria, in addition to a new gaming arcade, the Gauselmann Group's largest casino to date, PALMS MERKUR ROYALE CASINO, opened its doors in 2021. Besides a state-of-the-art games offering, a VIP and a VVIP lounge as well as varied culinary treats, guests at the 5-star Grandhotel Millennium in Sofia can enjoy a number of tournaments and events.

Nationally and internationally, the focus in the Gauselmann Group is always on the employees and the provision of an adequate initial and advanced training programme. Thus, in addition to the introduction of the MERKUR FORUM, a platform where managers can inform themselves, exchange ideas, participate and network, further in-depth events were held in order to develop the entire international strategy as well as its operational implementation. Numerous workshops covering a wide range of topics were also offered and held for all interested employees in Germany and abroad.



NOW OPEN: employees as well as guests celebrated the launch of the new MERKUR SLOTS branches with several opening ceremonies.

The clear focus in 2022 is on securing and developing the existing markets as well as expanding into new target markets. In the Gaming Operations business segment, MERKUR CASINO International is striving to introduce a holistic strategy. The business activities in the UK are pioneers in this respect. The Gauselmann Group is emphasising its commitment in the UK with a new and uniform brand strategy as well as changing the name of existing companies to MERKUR.

In addition to a uniform brand strategy, the company is also forging ahead with the expansion strategy in the UK, with numerous additional MERKUR SLOTS locations in the pipeline.

Operation of casinos

The successful mix of the latest gaming machines and games packages combined with casino classics such as roulette, blackjack and poker has been delighting guests of the MERKUR SPIELBANKEN every day for more than seven years now. The innovative games and entertainment offering, the superbly trained personnel and the state-of-the-art technology in all areas ensure that a visit to one of the company's casinos is a real highlight.

The Gauselmann Group has been actively involved in the casino segment since 2013. With MERKUR SPIELBANKEN Sachsen-Anhalt GmbH & Co. KG, a joint venture with the Swiss Stadtcasino Baden AG, the Gauselmann subsidiary successfully won the Europe-wide selection procedure in 2013 for the licence to operate public-sector casinos in the state of Saxony-Anhalt. The official licence, which authorises the company to operate two casinos and four slot machine venues and runs for 15 years, was granted in 2014. Mere months after the granting of the licence, the first MERKUR SPIELBANK opened its doors in Leuna-Günthersdorf. The opening of two other venues followed – in the state capital Magdeburg in 2016 and in Halle (Saale) in 2018.

Buoyed by the ongoing success, the Gauselmann Group increased its involvement in the casino sector in subsequent years. In 2016, the family company from Espelkamp acquired a 40 per cent stake in Spielbank Berlin GmbH & Co. KG and its four locations in the metropolitan area of the German capital. In the same year, the Gauselmann Group opened its first international ship casino under the name MERKUR CASINO MARE. In the meantime the group operates three casinos on the passenger liners "Mein Schiff 1", "Mein Schiff 2" and "Mein Schiff 3". With Gauselmann Spielbanken

Beteiligungs GmbH, the Gauselmann Group acquired a stake in Spielbank Mainz GmbH & Co. KG in 2019, with casinos in Mainz, Trier and Bad Ems.

The Gauselmann Group accomplished a special milestone in its casino success story in the past financial year: the company was awarded the contract in the tendering procedure for the operation of the four casinos in North Rhine-Westphalia in Aachen, Bad Oeynhausen, Dortmund-Hohensyburg and Duisburg. The awarding of the contract also granted the Gauselmann Group the option of opening two further locations in NRW. Planning for the opening of a fifth casino is already underway. The opening of another MERKUR SPIELBANK in Monheim am Rhein is scheduled for the end of 2022.

Thus, at the end of the 2021 business year, the Gauselmann Group operated 14 casino locations in Germany and three international ship casinos.



*David Schnabel,
Managing Director MERKUR SPIELBANKEN*

MERKUR SPIELBANKEN Sachsen-Anhalt

The Gauselmann Group operates three casino location in Saxony-Anhalt: Leuna-Günthersdorf, Magdeburg and Halle (Saale). The three casinos are among the most modern in Germany, all with a consistent focus on the highest quality standards. The forerunner is the flagship venue in Leuna-Günthersdorf with its avantgarde glass facade that offers guests a foretaste of the exclusive ambience and varied gaming possibilities that await them inside. In addition to the casino classics poker, blackjack and roulette, innovative gaming machines and the latest games packages from Gauselmann, among others, are part of the attractive Saxony-Anhalt casino offering. The exclusive bar lounge in the heart of the casino and the frequent events and promotions also keep players coming back for more.

In addition to the latest slot machine games, innovative jackpot systems as well as electronic roulette and blackjack variants keep players in Magdeburg and Halle (Saale) happily entertained. Both locations also score high among visitors with regular events and promotions.

The casinos in Leuna-Günthersdorf, Magdeburg and Halle (Saale) all rely on modern cash-handling systems instead of conventional cash counters. The money-changing systems from Gauselmann subsidiary GeWeTe were designed specifically for operation in casinos and are perfectly matched to the ticketing system as well as all cash flows and processes used in Saxony-Anhalt. Cash management systems on the one hand ensure maximum security for the operator, while on the other also making exchanging money and payouts easier for players. Much to the delight of players, who can either redeem their winnings tickets for cash at one of the payout terminals or wager them again at any of the gaming machines or classic casino games.

In the past business year, MERKUR SPIELBANKEN Sachsen-Anhalt had to contend with the radical measures imposed in the wake of the pandemic. From November 2020, all venues had to remain closed for more than six months. MERKUR SPIELBANKEN Sachsen-Anhalt had no other choice than to respond to the closures by introducing short-time work for the staff. Following a seven-month forced closure, the Magdeburg venue was the first casino in the whole of Germany to be allowed to open its doors again in May 2021 within the scope of a model project and in compliance with the applicable coronavirus protection measures.

Both the past and the current financial year hold a special significance for the Halle venue. After the preliminary planning was completed in 2021 and planning permission was granted, the construction measures for the expansion of the premises of MERKUR SPIELBANK Halle are scheduled to begin in 2022 – for even more gaming fun and an even more varied gaming offering.

The Gauselmann Group places the highest importance on youth and player protection in all business segments – and this also applies to the operation of its casinos. MERKUR SPIELBANKEN Sachsen-Anhalt GmbH & Co. KG was the first casino organisation in Europe to be accredited by the Global Gambling Guidance Group (G4) for its responsible gaming measures back in 2015. The company was successfully recertified in the reporting year. The European Casino Association (ECA) also honours MERKUR SPIELBANKEN Sachsen-Anhalt's commitment and granted the company recertification for responsible gaming in recognition of its extensive player protection measures. Thus, MERKUR SPIELBANKEN Sachsen-Anhalt received official recognition that it has implemented effective and innovative player protection measures and complies with these on all levels – which in addition to the implementation of statutory requirements also involves integration of responsible gaming guidelines into all internal workflows.

GAMING OPERATIONS BUSINESS SEGMENT

MERKUR SPIELBANKEN NRW

Expertise in the operation of casinos was one of the decisive factors in the awarding of the tender for the former WESTSPIEL Group – much to the satisfaction of the Gauselmann Group. It was thanks to its diverse experience and comprehensive know-how within the casino sector that the family-owned company was able to prevail over its competitors in the tendering procedure in 2021 and win the contract to operate the North Rhine-Westphalian casinos for Espelkamp.

As a result, the four MERKUR SPIELBANKEN NRW with locations in Aachen, Bad Oeynhausen, Dortmund-Hohensyburg and Duisburg were added to the Gauselmann Group's portfolio from 1 September 2021. The awarding of the contract also granted the Gauselmann Group the option of opening two further casinos in Germany's largest

federal state. With Monheim am Rhein, the company announced the location for the fifth North Rhine-Westphalian casino in the reporting year. The entertainment highlight in the Rhineland is expected to open at the end of 2022. More than 1,000 employees will ensure a responsible and unparalleled gaming experience day in, day out at the soon-to-be five locations.

For more information on the individual venues and the casino business in North Rhine-Westphalia, please see the feature pages in this business report.



Spielbank Berlin

In 2016, the Gauselmann Group acquired a 40 per cent stake in Spielbank Berlin GmbH & Co. KG with its four locations at Potsdamer Platz, Fernsehturm (television tower), Ellipse Spandau and Kurfürstendamm.

Until mid-June, all venues had to remain closed due to the coronavirus lockdown. The reopening on 18 June 2021 also marked the première of the new casino on Kurfürstendamm. After almost 40 years, the new casino replaces the Los-Angeles-Platz venue. Occupying a prominent and prime location, Spielbank Berlin has extensively converted and refurbished the former BMW building for its new location in City West. On an area of around 1,000 m², visitors are offered a high-quality gaming experience in an exclusive ambience. The upper floor accommodates classic games with two American roulette and two blackjack tables and, since 2022, an Ultimate Texas Hold'em table, while the ground floor has around 100 gaming machines for maximum gaming fun. A varied gastronomic offering rounds off the visitor experience in the new casino.

At all four locations, Spielbank Berlin with its staff of around 500 welcomes more than 600,000 casino goers to its modern premises every year.

Spielbanken Mainz, Trier and Bad Ems

Since 2019, the Gauselmann Group has held a stake in Spielbank Mainz GmbH & Co. KG, the operating company of the casinos in Mainz, Trier and Bad Ems. All three locations were modernised and equipped with attractive gaming offerings over the past few years. In addition to modern slots, numerous multi-roulette systems and attractive jackpots, the gaming offering at all three venues includes classic roulette. In Mainz, players can also round off their casino experience with a hand of blackjack.

MERKUR CASINO MARE

The Gauselmann Group's success formula has also proved a hit on the high seas, with the company operating several international ship casinos under the name MERKUR CASINO MARE since 2016. The successful partnership between TUI Cruises cruise line and the Gauselmann Group culminated in the opening of a further ship casino in the reporting year. Casinos have already been operating very successfully on board the "Mein Schiff 1" and "Mein Schiff 2" cruise ships since 2018 and 2019 respectively, and a third MERKUR CASINO MARE was launched on the "Mein Schiff 3" TUI cruise liner in August 2021.

The stylish, maritime ambience of the MERKUR ship casinos in combination with a diverse and exclusive games offering ensures guaranteed gaming fun and enthusiasm among passengers. The ideal framework conditions in international waters enable the Gauselmann Group to offer passengers the complete portfolio of top-quality gaming possibilities – regardless of whether en route for the Caribbean, Mediterranean, the Baltic region, the Canaries or Northern Europe. On the TUI Cruises ships, the Gauselmann Group offers classic game variations in combination with state-of-the-art slots, amusement machines, coin pushers and bingo.



Operation and marketing of sports betting solutions and online gaming offerings

The Gauselmann Group has been active in Europe as a promoter and broker of both land-based and online sports betting offerings since 2005. The group's sports betting segment includes the "product house" CASHPOINT SOLUTIONS in Gerasdorf near Vienna as well as the sales organisations in the core markets of Germany (XTiP), Belgium (Betcenter), Austria and Denmark (CASHPOINT).

The sports betting offering of the Gauselmann Group is characterised by its broad diversity as well as a high level of technical competence. In addition to the land-based business with company-owned betting agencies as well as a franchise system for betting shops, points of sale and/or shop-in-shop systems, MERKUR SPORTWETTEN operates its betting platform online via the desktop or via an app on a mobile device. A personalised customer card that can be used on all platforms allows customers to access all sports betting content and services uniformly and conveniently. All offerings of the sports betting brands CASHPOINT, XTiP and Betcenter meet the highest quality and security standards thanks to certification in accordance with DIN ISO 27001.



Markus Ettlin,
Managing Director MERKUR SPORTWETTEN

Since October 2020, the Gauselmann Group has operated a tolerated range of virtual slot games in Germany under the MERKUR SPIEL brand. The application for permission to organise virtual slot games in Germany was submitted in accordance with the provisions of the "GlüStV 2021" in July of the past financial year. The Gauselmann Group was one of the first companies to submit this application to the competent authority of the Saxony-Anhalt State Administration Office in Halle (Saale).

The German sports betting market has been regulated since the first licences were granted for the organisation and brokerage of sports betting. The legal limbo that prevailed on the German market for years has thus been superseded by binding rules. In October 2020, CASHPOINT (Malta) Limited, a subsidiary of the Gauselmann Group, was one of the first providers to be issued a sports betting licence to organise and broker sports betting in both the land-based and online markets.

CASHPOINT continues to rank among the top two providers of sports betting in the Austrian market. The tightening of the regulatory framework and the introduction of new taxes in 2017 again had a slight impact on the business success of the Austrian subsidiary in the past business year. Over the past few years, however, providers and customers have become accustomed to the new situation. Despite the challenging regulatory environment, CASHPOINT was able to defend its leading position and secure a further competitive edge.

The Gauselmann Group is also successful on the Danish market with the CASHPOINT sports betting brand. While the market continues to be dominated by the state-owned provider Danske Spil, CASHPOINT was nevertheless able to establish itself as the leading private sports betting provider in the land-based segment and thus, thanks to high product quality and flexibility, further consolidate its position. As a result, despite coronavirus-related restrictions, the company



was able to report a positive development. CASH-POINT Denmark was the only sports betting brand of the Gauselmann Group able to significantly expand its market share during the pandemic and thus achieve a growth in revenues of around 80 per cent.

Like the German, Austrian and Danish sports betting markets, the Belgian market is also clearly regulated. Regulatory efforts to limit bricks-and-mortar points of sale caused growth in the Belgian market to slow down considerably last year. Nevertheless, the Belgian sports betting provider

Betcenter, in which the Gauselmann Group holds a 75 per cent stake, managed to further expand its position and thus draw level with the previous market leader.

On the back of strict regulations, high tax burdens and a prolific illegal online offering on the Polish sports betting market, the Gauselmann Group discontinued its land-based business there as of 31 March 2021. The difficult market conditions prompted the company to withdraw entirely from the Polish sports betting market. The remaining online sports betting offering was sold in 2022.



GAMING OPERATIONS BUSINESS SEGMENT

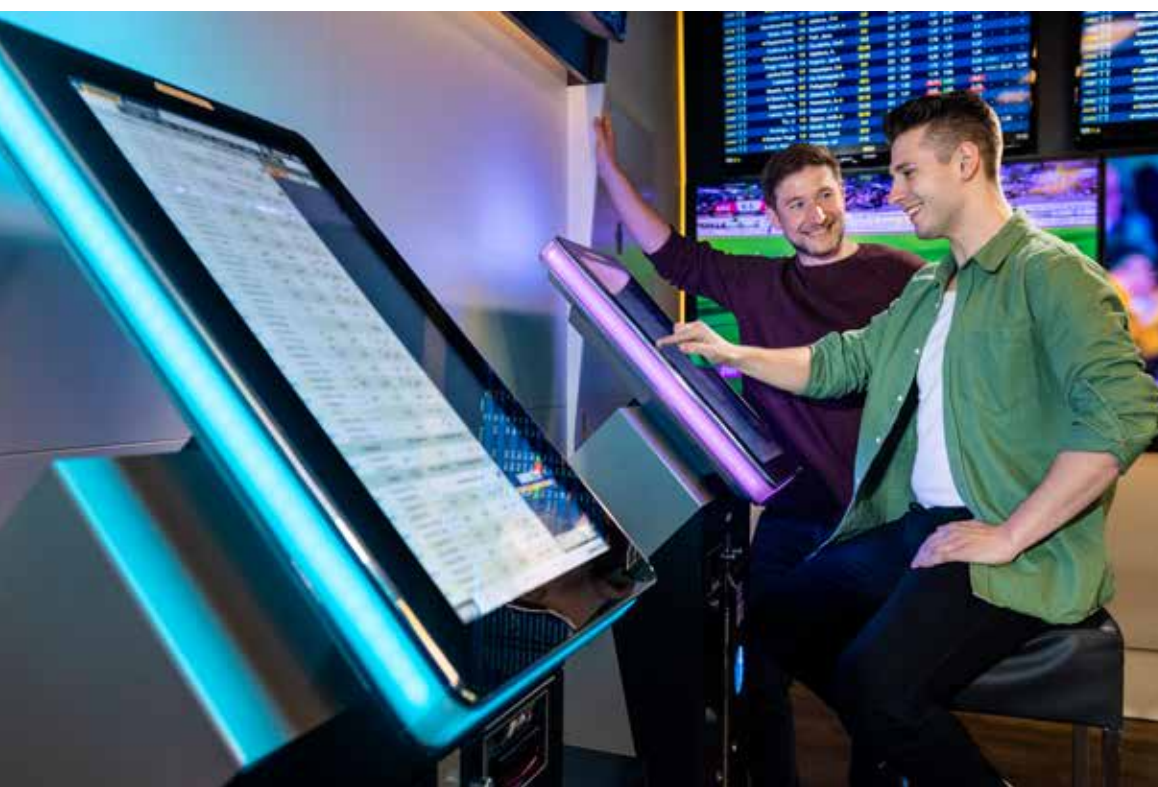
At the end of the past financial year, almost 700 staff members were employed in the MERKUR SPORTWETTEN business segment. Due in particular to the closure of the remaining land-based business in Poland, the number of employees fell by around 125 compared to the previous year.

The sports betting offering of the Gauselmann Group was also significantly impacted by the coronavirus pandemic in the past financial year. The lockdown and accompanying betting shop closures in the first half of the year led to a 5 per cent decline in sales revenues in 2021. In response to the closures and revenue downturns, MERKUR SPORTWETTEN introduced short-time work and adopted a policy of strict cost and liquidity management in the past year. The company continued to invest in strategic projects aimed at driving the digital transformation in 2021.

Digital transformation projects in the areas of product, marketing and service that were started in 2020 were further pursued in 2021. These included the development of a new, future-proof platform for sports betting and online games, the introduction of systems for metrics-based marketing and the establishment of central service units.

Furthermore, the Gauselmann Group's proprietary paylado e-wallet was successfully introduced in most sports betting shops in Germany in the course of the past business year. paylado was developed by fellow subsidiary Euro Payment Group and enables players to conveniently make cash deposits to their paylado e-wallet in the betting shop as well as use the amounts for online gaming.

The range of virtual slot machine games under the MERKUR SPIEL brand was expanded in the past and the current business year with numerous games packages from renowned games providers such as Greentube, Red Tiger Gaming or NetEnt-Games. MERKUR SPIEL thus added high-quality online gaming content to the games portfolio, making the range of virtual slot machine games even more varied and attractive.





For the employees in the betting shops, training and staff development programmes were further improved and continued to be held under the general conditions adapted to the pandemic. Based on the expertise of its fellow subsidiary MERKUR CASINO, the Gauselmann Group's sports betting segment is working intensively to further optimise service quality and offer a service experience in the betting shops.

No further acquisitions are planned for the 2022 financial year. Strict regulations and new distance rules will necessitate the closure of numerous locations in Germany and thus a shake-out of the sports betting market. Accordingly, the trend towards online games is expected to continue and even intensify. Gaming on mobile devices in particular is expected to continue to gain in popularity among customers who enjoy gaming, and thus also increase in importance for MERKUR SPORTWETTEN.



Prevention

People have always been fascinated by predicting the unpredictable and betting money on the outcome. That's why the history of gambling goes back thousands of years – including striking parallels between the games of chance of the ancient Greeks and gaming as we know it today. There is even plenty of evidence that the earliest roots of gambling go back to the time around 5,000 BC. The fascination lies especially in the element of risk. And as with any game, gaming is all about consistently adhering to the rules and boundaries so that the fun for everyone involved is maintained at all times. The same applies to present-day gaming. As is so often the case, it's all a question of getting the balance right. In Germany, the state regulates all forms of games of chance through a large number of very restrictive rules and regulations, with the result that the legal offering becomes less attractive.



*Jan Kowala,
the Gauselmann Group's Responsible
Gaming Officer*

Impacts of the new State Treaty on Gambling

The "GlüStV 2021" in Germany came into force in July 2021. One of the biggest changes brought about by the new "GlüStV 2021" is the OASIS blacklisting system. Up to now, the system was in use at casinos nationwide and at gaming venues in Hesse and Rhineland-Palatinate. After many years of demand by the gaming associations, the legislator has now anchored this blacklist nationwide. Due to the different laws from state to state, the possibility of excluding players from gaming was previously inconsistent, confusing and difficult for providers and consumers to understand. Under the new state treaty, the consumer now has the same conditions nationwide to effect a ban. If a player requests to be blacklisted, this ban not only applies nationwide, but also across all types of games. This means licensed casinos, gaming arcades, sports betting shops, online games and lottery offerings that are drawn more than twice a week. The blacklist is centrally administered by the Darmstadt Regional Council, which is responsible for all blacklist entries as well as for clearing such entries.

In Germany, legal gambling is extensively regulated. The requirements of the legislator for the organisation, operation and brokerage of the various forms of gaming provide a limited, legal gaming offering that channels people's natural gaming instinct, while also ensuring youth and player protection.

The vast majority of people avail themselves of this offering for leisure-time entertainment. Generally speaking, the fun of gaming is associated with the combination of excitement and relaxation – as an entertaining pastime. Some people, however, exhibit problematic or pathological gaming behaviour. However, all scientific studies have for years unanimously agreed that only a very small proportion of players show such pathological gaming patterns.

Prioritising qualitative criteria in gaming

Even though problem gaming behaviour only affects a very small group of the population, the Gauselmann Group has been actively addressing this issue for years and therefore champions even greater emphasis on quality criteria in games of chance. As a manufacturer of slot machines and an operator of numerous arcades, casinos, sports betting shops and online offerings, the group is aware of its responsibility and has committed to consumer protection and raising awareness.

The company therefore provides players with comprehensive educational materials and wide-ranging support. The offer of assistance can be seen either as a direct opportunity for introspection or as a springboard for referral to external counselling and support facilities where further professional help is available.

The Gauselmann Group underscored the importance it attaches to the issue of youth and player protection with the establishment of the central Prevention department in 2010. This is where all of the group's prevention activities are consolidated. The central Prevention department supervises all arcades, gastronomy partners, casinos, sports betting shops and online offerings operated by the group. The focus of its activities is diverse and wide-ranging: first and foremost, the central department is responsible for drafting social concepts applicable to the gaming arcades, casinos, sports betting and gastronomy business segments as well as the online offering. The measures they describe are regularly reviewed, evaluated and further developed with scientific underpinning. The department's remit includes preparing social concept reports for authorities and advising all business segments and specialised departments as well as organising prevention training for employees. As an important member of the Responsible Gaming Commission, the central Prevention department regularly engages with representatives from research, science and the relevant associations.

The Gauselmann Group stands for responsible gaming and matches the names of all players against the nationwide blacklist.



CENTRAL PREVENTION DEPARTMENT

The employees have a special role

The company's employees in the branches play an important role in prevention work. They are the ones who are in direct contact with the players and can approach those affected. Because this demanding task falls to them, the Gauselmann Group is committed to providing its employees with continuous training on the subject of youth and player protection and, together with the HR Development department, has established an in-house training concept that is constantly evolving in order to stay at the cutting edge of research.

This covers early recognition of problematic and pathological gaming behaviour with the same degree of detail as effective strategies for proactively approaching affected players. Despite the difficult situation and the six-month closure of all branches due to the pandemic, a total of around 1,700 participants were registered for the legally required training sessions in 2021. Realising these required a high level of organisational input. Not only did the hygiene concepts of the organisers have to be complied with and fewer participants planned for, it was also necessary to react to cancellations due to the introduction of new regulations, sometimes at short notice, and communicate this to the employees. One important pillar in the group's responsible gaming concept is extensive information and educational work that enables players and their families to obtain fact-based information about issues relating to compulsive gambling behaviour. In addition to basic information about potential risks, this also includes contact persons and details of counselling services and support

facilities close to where players live. All information materials were given a complete redesign in 2021, both in terms of content and look and feel.

Responsible gaming flyer in five languages

Especially for this purpose, the central Prevention department produced the "Gaming rules – information for players and their families" responsible gaming flyer. This is one of the most important aspects of the department's prevention activities and is prominently displayed in up to five languages in all MERKUR CASINOS, in the MERKUR SPIELBANKEN and in the respective gastronomy establishments and sport betting shops run by the group. In addition to a self-test, the flyer contains contact details for helplines and counselling services in the vicinity of the respective gaming venue or desired radius. The Gauselmann Group relies on recognised and verified quality standards not only in its gaming arcades and the production of amusement and gaming machines, but also in youth and player protection. Another important module in this context is the accreditation of youth and player protection measures by renowned accreditation agencies such as the Global Gambling Guidance Group (G4), the European Casino Association (ECA), TÜV Intercert Saar and TÜV Rheinland. This ensures that the measures implemented by the Gauselmann Group are regularly checked for their appropriateness and quality. In order to guarantee that the measures are both targeted and effective, they have been developed to reflect the interests of the players concerned as well as from the perspective of arcade staff.





*The external team of the Responsible Gaming Commission (from left):
 Dr Wolfgang Kursawe (Drogenhilfe Köln gGmbH – Drug Rehabilitation Centre Cologne),
 Roman Neßhold (Institut Glücksspiel & Abhängigkeit – Institute of Gambling and Addiction, Austria),
 Pieter Remmers (Director Assissa Consultancy Europe, the Netherlands),
 Prof. Jörg Häfeli Stäger (Hochschule Luzern – Lucerne University of Applied Sciences).*

The company is also represented with a team of experts in various working groups of the gaming associations, where it is actively involved in the further development of this socially important issue. Despite travel restrictions and Covid-19 safety precautions, a personal meeting of the Responsible Gaming Commission was able to take place.

Legal gaming must remain attractive

Founded in 2011, the Responsible Gaming Commission is made up of an internationally recognised team of experts composed of members of the management and of the central Prevention department, as well as recognised external experts. The Commission ensures that the prevention measures in place across the Gauselmann Group are always oriented towards the latest scientific and technological developments and meet day-to-day requirements in the gaming arcades in the best way possible. Meetings regularly discuss initiated and planned activities of the Gauselmann Group in the area of youth and player protection, evaluate results and continuously optimise the measures in place.

The concrete repercussions of the political measures to combat the pandemic – first and foremost the months-long arcade closures – in terms of the non-existent youth and player protection during this time have not yet been scientifically and conclusively evaluated. However, it is difficult to assess how many people with problematic or

pathological gaming patterns took advantage of rapidly growing illegal gaming offerings during the lockdown. It is undisputed, however, that in this area no value is placed on channelling the natural instinct to gamble and thus on responsible youth and player protection. Given this background, it is therefore all the more important that the land-based and regulated offering of the Gauselmann Group with its high quality standards of youth and player protection should also be made available Germany-wide at all times even during the pandemic. It is just as important to critically assess the overregulation of legal gaming, because only if the legal gaming offering is suitably attractive can the prevention measures have the desired effect.

HUMAN RESOURCES DEPARTMENT

Employees

The Gauselmann Group is dedicated to providing gaming enjoyment. This is the company's DNA and the bond that connects all business segments. The company's rapid success has only been possible because its employees fill this motto with life every day. It is thanks to their professional expertise and commitment that the group can not only hold its own, but also strengthen its leading position in a market characterised by constant competition. Within the Gauselmann Group, those in positions of responsibility are aware that the overall performance of the company is the result of the performance of each and every individual. That is why the workforce is always at the forefront of the company's actions.

Because its employees are its most valuable resource, the Gauselmann Group continues to focus on personal growth despite the considerable losses sustained due to the coronavirus pandemic. The group currently employs a total of 14,492 people worldwide, of whom 7,740 are based in Germany and 6,752 abroad. Compared to 2020, the workforce thus grew by 13.4 per cent (914 employees) in Germany and by 7.8 per cent (486 employees) abroad.

Despite its group structure, the group has maintained the traditional values of a family-owned enterprise.

The appreciative attitude demonstrated on a daily basis by company founder and Chairman of the Management Board Paul Gauselmann sets an example for human interactions across the group.

Training

At the balance sheet date, 191 young people were doing an apprenticeship or traineeship with the company. Despite the exceptional situation attributable to the coronavirus, which led to the closure of many gaming arcades, sports betting shops and casinos for up to seven months (from November 2020 to May 2021), the Gauselmann Group has continued to take its responsibility towards the next generation seriously. In the past year alone, 57 young people started an apprenticeship or a course of study in the company. As many as 2,000 young hopefuls had applied.

The spectrum of training opportunities ranges from administrative and commercial/technical professions to dual courses of study and the industry-specific vocational training course leading to the qualification of coin-op specialist. Company founder Paul Gauselmann himself was one of the key initiators who campaigned for the conceptual design and introduction of this three-year apprenticeship profession offered exclusively in the coin-op industry. In total, the group offers more than 20 different training occupations per year.



Welcome event at Schloss Benkhausen: On 2 August 2021, the apprentices and students on dual study courses received induction training from the training team.

Successful advanced training: 150 managers from Germany and abroad participated in the MERKUR FORUM.



The Gauselmann Group as a matter of principle provides needs-based training, making it an attractive training company. Especially in times characterised by political and social uncertainty, this is even more strongly evident than otherwise. At almost 85 per cent, the takeover rate is well above the average for Germany as a whole. At the main locations in Espelkamp and Lübbecke it is even higher, at around 90 per cent.

The Gauselmann Group as an attractive employer

The Gauselmann Group's attractiveness as an employer continued unabated as evidenced by the approximately 12,000 job applications the company received last year. On the back of the pandemic, many recruiting processes have been further digitalised. This applies, for example, to job interviews or onboarding. Despite the coronavirus-related obstacles, the Gauselmann Group again endeavoured to provide pupils and students with important behind-the-scenes insights into the day-to-day workings of the group in 2021.

Because its employees are the lifeblood of the company, the Gauselmann Group consistently relies on extensive personnel development measures. The motto is: believe in the employees, recognise their potential and continuously promote it. Further training opportunities are therefore an important element in career planning – whether trainees, branch employees in the arcades or specialists and managers in a wide range of functions.

Despite pandemic-related restrictions at the beginning of the year, advanced training activities subsequently picked up momentum, with language courses in particular again recording an increased number of participants. Over 60 language courses were offered in 2021. The in-house training programme was also enlarged. While the newly devised Basic Leadership Programme started for the first time with 11 participants, 15 junior staff benefited from the Young Talents Programme.

As many as 800 new employees attended welcome events at Schloss Benkhausen in the course of the year. And around 300 participants were welcomed at the first digitally organised branch manager conference. A further highlight was the first MERKUR FORUM, which also opted for a digital format to inform and interface around 150 service centre managers from the Gaming Operations business segment with current business developments and topics relevant for the future. In addition, 24 employees received training to become casino service specialists, just shy of 30 new branch managers and ten shop managers were inducted, and 27 colleagues were trained as branch technology instructors. All 22 candidates on the preparatory course for the external students' examination to become a coin-op specialist successfully passed their examination. Likewise, the central Prevention and Player Protection department was well represented on the in-house training courses. More than 450 participants from various business segments thus took part in the company's own communication training – both digitally and face-to-face.

HUMAN RESOURCES DEPARTMENT

Personnel marketing and recruiting

The evergrowing shortage of skilled workers has led to the Gauselmann Group becoming increasingly active in the competition for the best talents. In its efforts to recruit qualified junior staff, the group relies on its established network of schools and universities and personal contacts to convince potential candidates of the advantages of a career in the gaming industry.

Networking with higher education institutions in the region is another important aspect. With the help of individual scholarships, the Gauselmann Group supports young talents and thus enables them to place a stronger focus on their academic achievements. The company granted ten scholarships in 2021, opening the door to a career with the company for their recipients. Direct personal contact was also established through numerous internships and student traineeships.

In order to promote itself as an attractive employer, the Gauselmann Group also relies on a target-group-oriented approach in the social media channels. In the meantime, news from the cosmos of the family-run group of companies that is regularly posted on Facebook, Instagram, LinkedIn or Xing attracts a community of almost 10,000 followers. As an increasing number of people spend more and more time on the Internet, this is an effective approach to raising awareness of the employer brand.

From a recruiting perspective, social media have also become an increasingly important search tool. Thus, in 2021 the course was also set for a more active candidate approach. One aspect of this involves setting up an internal applicant pool. In this context, a number of recruiters in Hamburg underwent direct sourcing training in early 2022.



Tassia Giannopoulos was appointed new Head of the central Human Resources department at the Gauselmann Group on 1 January 2022.

Occupational health management

To maintain and promote staff performance, the Gauselmann Group offers an extensive package to support employee health. All of this is consolidated and offered within the occupational health management scheme primarily at the company's headquarters in Espelkamp and Lübbecke. Benefits offered range from flu jabs, skin screenings, physiotherapy and massages to medical check-ups and nutritional advice. This spectrum was recently extended to include neuroathletics training. At the beginning of 2021, an acute medical consultation hour was also introduced, which employees can attend once a month and thus save themselves long waiting times to see a consultant.

Effective coronavirus management

The effects of the pandemic have dramatically accelerated many developments in the work environment. Evidence of this includes a sharp rise in mobile working rates, the high number of digital meetings and a way of working that increasingly involves project-based and interdisciplinary skills. This trend has also revealed that being in the office has undeniable advantages, however. Direct feedback from colleagues not only has a positive effect on performance; the social contacts and teamwork also strengthen identification with the company and create a company-wide spirit. All these developments are responsibly implemented using a balanced approach and sound judgement by the central Human Resources department under the direction of the Vice-Chairman of the Management Board, Armin Gauselmann.

Effective coronavirus management was one of the main challenges for Human Resources in 2021. Occupational Health Management and Occupational Safety were called upon to initiate numerous measures in this context and were always on hand to provide employees with advice and support. Effective procurement of the Covid-19

vaccine was an outstanding example. The Gauselmann Group had made it its goal to offer all employees at the main locations of Espelkamp and Lübbecke a vaccination programme. In this context, the company set up two vaccination centres on its premises (in both Espelkamp and Lübbecke), where at peak times employees received their jab at three-minute intervals. In the first two rounds of vaccinations around 1,500 doses of vaccine were administered to staff members and their families. The company also organised booster jabs with a similarly good take-up rate. In total, 500 booster inoculations were given. The high take-up led to a vaccination rate of up to 90 per cent in some areas. As a company that is firmly rooted in the region, the Gauselmann Group also made its vaccination lines available to numerous local companies. These gratefully accepted the offer, and around 50 companies from the region also had their employees inoculated at the "Alte Gießerei" (Old Forge) in Espelkamp.

In addition, the Gauselmann Group continued to offer the workforce free and professionally performed rapid tests. In the "Alte Gießerei" (Old Forge) alone, around 4,000 rapid tests were carried out in 2021.

Here goes: Verena Somna gives Gauselmann employee Tizian Weißhuhn his BioNTech/Pfizer jab.



Loyalty to the company and solidarity among colleagues

All of these measures contribute to a very high level of employee satisfaction – which often translates into many years of service with the company. Each year, the company honours numerous colleagues for 10, 25, 30, 40 and even 45 years of loyalty. In 2021 alone, 350 long-serving employees (ten years and longer), who between them have clocked up 5,635 years of commitment to the group, marked such anniversaries.

The Gauselmann Group also repeatedly receives recognition from official sources for its special merits in terms of employee management. The BEST PLACE TO LEARN award is just as much testament to this as the awarding of the Top National Employer 2022 seal. In addition, the Gauselmann Group was awarded the LEADING EMPLOYER AWARD 2021 and thus ranks among the top one per cent of German employers.

The extent of the solidarity among the employees was also demonstrated in the face of the devastating flood disaster in Germany. Employees of the Gauselmann Group were also affected by the immense damage caused by the floodwaters. The workforce rallied together at the time and collected donations in support of their colleagues in the affected areas. Within the space of a few weeks, some 550 staff members had joined the campaign and raised around 85,000 euros. This sum was topped up by the Paul and Karin Gauselmann Foundation and by the GeWeTe and MERKUR CASINO and adp subsidiaries. The bottom line was that a total of 111,111 euros was distributed quickly and unbureaucratically to those in need.



Company sports

Activity and team spirit are important values within the group. The company sports association "Betriebssportgemeinschaft MERKUR Gauselmann e.V." (BSG), which has received support from the entrepreneurial family for over 30 years, is also testimony to this. With around 1,000 members and 21 sporting disciplines, the BSG is one of the leading company sports associations in North Rhine-Westphalia. Due to the coronavirus pandemic, sporting activities had been heavily curtailed in the recent past, however. Things returned to normal in spring 2022, when the groups were finally able to resume their activities. For many, doing sports is an integral part of everyday life.

MERKUR Seniors Club

For many, the sense of belonging and identification with the Gauselmann Group goes beyond their years of active service. For more than 20 years, the MERKUR Seniors Club has allowed around 160 or so active members to keep in touch with each other and with the company under the motto "Once Gauselmann, always Gauselmann".



The MERKUR seniors gathered for the club's annual meeting at the "Alte Gießerei" (Old Forge) in Espelkamp.

Because of the pandemic, only a few outings and joint activities could take place in 2020 and 2021, but contact was maintained through personal messages and presentations. However, the members came together in the "Alte Gießerei" (Old Forge) for the annual highlight – the Seniors' Annual Meeting, at which chairman Wilhelm Büscher again presented numerous honours. Company founder and Chairman of the Management Board Paul Gauselmann traditionally takes this opportunity to personally update those present on events and developments within the group, underscoring the high standing the MERKUR seniors enjoy within the group. The first excursion after 25 months of coronavirus abstinence took place in April 2022, when around 100 people got together for the spring festival and enjoyed a day trip with an asparagus meal. The seniors also follow in the tradition of the Gauselmann Group when it comes to social commitment and donated 1,500 euros for the victims of the flood disaster.



Paul Gauselmann took the opportunity to meet his former employees in person and inform them about the current situation in the company.

COMMITMENT

The Gauselmann family of entrepreneurs, and Paul Gauselmann and Armin Gauselmann in particular, attach great importance to giving something back to the community and sharing their corporate success with the local population, as is demonstrated by their outstanding social, corporate and cultural commitment.

Particularly in the Altkreis Lübbecke district, the Gauselmann family is committed to promoting and sponsoring clubs, events, non-profit institutions or campaigns to preserve nature as well as community-based preventive healthcare initiatives. This commitment has always been close to the hearts of the entrepreneurial family, and without their generous commitment, many of the campaigns and events in the district in the past would not have been possible.

The majority of the projects are supported by the Gauselmann Foundation, which was set up in 1999 and renamed the Paul and Karin Gauselmann Foundation in 2015. The foundation's endowment capital was raised to 16.2 million euros in March 2020, so that in the 2021 financial year the Paul and Karin Gauselmann Foundation was able to support some 135 projects with

donations totalling around 245,000 euros. For the population of the region as well as for the clubs and institutions, knowing that they can count on the Gauselmann Group as a reliable partner and sponsor is an important cornerstone and has already enabled countless projects and campaigns to be initiated and realised in the past. Highlights in the 2021 financial year included, among others, support for FC Lübbecke with building a new clubhouse or the acquisition of the new operating theatre robot plus necessary instruments for the Mühlenkreiskliniken (Mühlen district hospitals).

Apart from Armin Gauselmann as Chairman, the Foundation's Board of Trustees is made up of Sonja Gauselmann as Vice-Chair, Manfred Langhorst (Chairman of Espelkamp Civic Trust) and Christel Senckel. Together with the two members of the Foundation's Board of Directors, Friedrich Barner (Chairman of the Board) and Herbert Schlottmann (Vice-Chairman of the Board), they regularly decide on incoming funding requests from the region, taking the object of the Foundation into account.

Electricity finally back again: residents from Wißkirchen thanked Dirk Beste (centre), Fire Protection Officer at the Gauselmann Group, for the use of the Gauselmann Group's emergency power generator which supplied energy to their homes again.





On the occasion of the flood disaster in summer 2021, the employees of the Gauselmann Group followed the entrepreneurial family's lead and collected the princely sum of 85,000 euros to assist a number of affected colleagues from the disaster region. This sum was topped up to 111,111 euros by the Paul and Karin Gauselmann Foundation and a number of subsidiaries and benefited those affected in North Rhine-Westphalia. The company also supported residents in the municipality of Wißkirchen by supplying an urgently needed emergency generator.

Another matter close to the entrepreneurial family's hearts is the promotion and sponsorship of local sports. Many local sports clubs and initiatives benefit from this passion. Year after year, the available financial support makes it possible to realise a wide variety of sporting projects with a focus on promoting youth work, organise sporting events or tournaments, or buy sports equipment. Without this support, the company sports association "Betriebssportgemeinschaft MERKUR Gauselmann e.V.", with some 1,000 members, would also not be able to offer such a wide range of sporting activities.

The company also supports local professional sport. For example, the Gauselmann Group is the main sponsor of the TuS N-Lübbecke national league handball team, of the FC Preußen Espelkamp regional football league team, and of the Espelkamp-Mittwald e.V. tennis club (TVE), whose winning Bundesliga men's teams in the 30s and 70s age groups have taken home the German

Championship title several times. One top player from TVE even made world champion in the over-75s age group in 2017.

But even beyond regional borders, numerous sports organisers, associations and individual athletes are sponsored by the sports-loving entrepreneur and his family. The company has also sponsored the world-class ATP 500 tennis tournament in Halle (Westphalia) for many years. This was expanded in 2020 with support for the new sponsorship concept for the OWL Arena (formerly Gerry Weber Stadium). Besides sports sponsorship for the Bundesliga football club DSC Arminia Bielefeld, the Gauselmann Group is also financially and ideologically involved together with other renowned companies in the so-called Eastern-Westphalia-Lippe (OWL) alliance that aims to promote the long-term continuity and re-establishment of the club. With its CASHPOINT sports betting brand, the group has also provided the name and been main sponsor of the Austrian Bundesliga club CASHPOINT SCR Altach since 2006.

With the acquisition of the naming rights to the Düsseldorf MERKUR SPIEL-ARENA in 2018 where, in addition to the home games of the second-division football club Fortuna Düsseldorf, numerous concerts and other events take place, the extensive promotion of top sports clubs continues.

COMMITMENT

Thus, the Gauselmann Group is a partner of the traditional Düsseldorfer EG ice hockey club, of the record-holding table tennis champions Borussia Düsseldorf with Olympic champion Timo Boll, of the Bergischer HC national handball league team, of the Düsseldorf Panthers football team as well as of the ART Giants Düsseldorf basketball team, and now, since 2020, also the official game (of chance) partner of Fortuna Düsseldorf.

In addition to its involvement with TuS N-Lübbecke and Bergischer HC, the company also promotes handball on a national level. The smiling MERKUR sun thus shines on the pitch at all home games of the men's and women's national handball teams, as well as at the "Final4" and the Super Cup of the Handball Bundesliga.

Protecting the environment and addressing the climate change crisis is another issue close to the entrepreneurial family's hearts. To mark his 85th birthday, Management Board Chairman Paul Gauselmann donated 85,000 deciduous trees, which are being planted throughout Germany in collaboration with project partner Trinkwasserwald® e.V., setting an example against climate change. By the end of 2021, the entrepreneur's private initiative, called Trees for Life, had planted 67,000 deciduous trees in various regions of Germany, thus safeguarding a small part of the domestic tree population for the future. Entrepreneur Paul Gauselmann

made a particularly generous donation of trees to his birthplace of Borghorst, where 10,000 deciduous trees, ranging from common oak to hornbeam and rowan, berry, have been planted on an area of around 4 hectares of woodland near Münster.

Furthermore, the preservation and restoration of local buildings and monuments is another important way in which the family shows its commitment to the region. Most noteworthy in this regard is the Schloss Benkhausen estate. Over 500 years old, the castle was fully refurbished by the entrepreneurial family, and today serves the region as a modern conference venue with a hotel. The outstanding quality of the present-day hotel is underscored by the fact that it was listed in the book of the "250 best conference hotels in Germany" for the first time in 2021. Featuring 13 seminar rooms and 38 single/double bedrooms for up to 50 overnight guests, Schloss Benkhausen can be used as the Gauselmann Group training centre, as well as for seminars and events organised by external companies. The English Garden, the landscaped graves of the von dem Bussche-Münch family, the new jetty erected by Paul Gauselmann directly on the Mittelland Canal or the circular footpath created in 2018 all illustrate the entrepreneurial family's outstanding commitment to the Altkreis Lübbecke and allow guests to enjoy recreation and relaxation in touch with nature. Schloss Benkhausen with its many attractions, its cosy "Die Rentel"



To mark his 85th birthday in 2019, Paul Gauselmann made a donation of 85,000 trees. They were planted on 18 planting areas in Germany up to 2022.



Paralympics gold medallist Valentin Baus pays Paul Gauselmann a visit.

café, as well as the diverse artistic, musical and cultural events for which it provides the backdrop is a favourite excursion destination in the Minden-Lübbecke district and beyond, especially at weekends.

A further attraction on the estate since 2013 is the German Coin-Op Museum – Gauselmann Collection. A permanent as well as changing special exhibitions with around 200 exhibits display historical slot machines from all over the world, which have been lovingly restored and maintained in a dedicated workshop so that they can be presented to the public in working order and faithful to the original. The Gauselmann family laid the foundation stone for this unique collection worldwide in 1985. Today, as an ambassador for the vending machine industry, the museum combines the global tradition of slot machine gaming with the present.

For his outstanding social, sporting and cultural commitment as well as for his entrepreneurial achievements, Paul Gauselmann was awarded the Cross of Merit 1st Class of the Order of Merit of the Federal Republic of Germany by President Johannes Rau on 15 May 2003.



OUTLOOK ON THE BUSINESS DEVELOPMENT 2022/2023

“Erstens kommt es anders, und zweitens als man denkt” (Sometimes things take a turn for the unexpected) – this quote by German humourist Wilhelm Busch could sum up the course of the 2021 business year for the Gauselmann Group. Contrary to hopes and expectations, the coronavirus pandemic continued unabated and brought with it further constraints and challenges. Introducing early precautionary measures in the constantly changing situation minimised the risks for employees and customers and reduced the negative influences on the business development.

As in the previous year, the measures to contain the pandemic imposed worldwide had a significant impact on operating business. The lockdown phases that lasted well into spring left clear traces in the branch business. Visitor numbers fell short of expectations and considerable expenses for hygiene and social distancing concepts affected all group locations. Likewise, the negative effects of the “GlüStV 2021” and local distance regulations were felt in the form of branch closures and a reduction in the number of installed machines.

Despite all challenges, however, the Eastern Westphalian family business also demonstrated sustained stability and economic strength and lived up to its reputation as “the games makers”. With unswerving dedication and creativity, the almost 15,000 group employees worldwide once again went the extra mile in the second year of the pandemic to develop fascinating games, roll out technically innovative machines and present a first-class games offering for both land-based and online players.

One special highlight in 2021 was the acquisition of the WestSpiel Group, up to then the state-owned casino operator in North Rhine-Westphalia. Despite the turbulent phase due to the coronavirus pandemic, the Gauselmann Group won through in the bidding process and took over the

casino with almost 1,000 qualified employees in the autumn. The accompanying operating licence has a term of 15 years and enables the Gauselmann Group, which has been operating casinos in a number of federal states for almost ten years, to open two new venues in NRW by 2024 in addition to the four existing ones.

1 July 2021 was another significant date for the future development of the Gauselmann Group. This was the Thursday on which the current “GlüStV 2021” came into force in Germany and with it the legal regulation for the licensing of sports betting and virtual slot machine games. On the basis of this, the Gauselmann Group will present a legal, contemporary online offering in its core home market with optimal player protection. The necessary licence applications for virtual slot games have already been submitted and the technical implementation is currently being realised. The prerequisites for this were already created in recent years through investments in the international sports betting business and the high-performing Bede Gaming platform.

For the 2022 and 2023 financial years, the management of the Gauselmann Group expects bricks-and-mortar business to stabilise and online activities to grow moderately. If business develops well, group sales revenues are expected to return to pre-Covid-19 levels. However, the conflict between Russia and Ukraine remains a factor of uncertainty, causing massive disruption to the global economy in addition to unimaginable human suffering. Gaming arcades, betting points of sale and casinos will make their offerings available to punters in line with the respective local corona-virus protection measures. The management expects business to pick up again quickly, enabling the losses due to venue closures to be compensated for quickly. Another full lockdown is not expected; rather it is anticipated that so-called 2G/3G arrangements will be successfully implemented as incidence rates rise.

In international operations, selective investments are being made in the major markets. The focus here is particularly on the UK and expanding the MERKUR SLOTS branch business over the next two to three years as well as consistent ongoing development towards becoming a high-quality omni-channel provider. It is hoped that this will result in a significant increase in sales revenues and a further expansion of the UK market share.

The group's technological competences continue to be an important cornerstone for its successful development. These continue in 2022 to ensure that internationally competitive offerings are available in both the bricks-and-mortar and online business segments. The latest innovative machines and jackpot systems have been available to customers since the turn of the year and the online business, which is currently in the licensing phase, can draw on groundbreaking software solutions.

Through targeted acquisitions and customised product development, the Gauselmann Group has over the past few years consistently paved the way for its entry into the online market. For example, technical platform solutions and cutting-edge content are already being offered in several countries under the respective licences. With the binding regulations of the German "GlüStV 2021", a long period of legal uncertainty came to an end in 2021. This will finally enable the group to make a broad range of sports

betting and virtual slot games available digitally in the German market in the coming years under the uniform MERKUR umbrella brand. Following the necessary start-up and development investments, significant growth is expected from 2023 onwards, which will lead to a consolidation of market shares in the online market in subsequent years.

The Gauselmann Group has a stable financial basis and the potential to react quickly to market changes. It therefore considers itself well positioned for 2022/23 to defend its status in the international regulated markets and to continue to offer innovative and successful products as well as attractive, state-of-the-art gaming fun.

GAUSELMANN FAMILY FOUNDATION



Advisory Board:

Sonja, Armin, Karin, Karsten, Paul, Michael and Janika Gauselmann (from left to right)



Foundation Board of Directors:

Armin Gauselmann, Paul Gauselmann and Manfred Stoffers (from left to right)

MANAGEMENT BOARD



Paul Gauselmann
Chairman of the Management Board



Armin Gauselmann
Vice-Chairman of the Management Board



Manfred Stoffers
Marketing · Communications · Political Affairs



Dr. Werner Schroer
Development and Technology



Jürgen Stühmeyer
MERKUR Sales



Dieter Kuhlmann
Gaming Operations



Lars Felderhoff
Finance

SUPERVISION AND ADVICE

Like 2020 before it, 2021 was an exceptionally difficult business year for the Gauselmann Group. The ongoing pandemic accompanied by the second lockdown, together with the wave of coronavirus outbreaks towards the end of the year, imposed significant restrictions and led again to a severe decline in sales revenues.

As part of the “shutdown” of the leisure industry, practically all business areas in which the Gauselmann Group operates ground to a standstill for several months. Despite this extraordinary pressure, the management took what we believe were the right steps to guide the company through the crisis as best it could and to offer the best possible protection for all employees.

We would therefore especially like to thank the governing bodies of the Family Foundation, the Management Board and the company’s senior executives for their successful entrepreneurial work, as well as all employees for their commitment and excellent achievements in 2021.

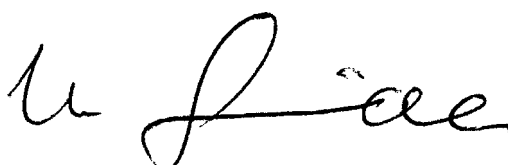
One positive highlight in 2021 was the acquisition of the casinos in North Rhine-Westphalia. Following antitrust approval, the official takeover was completed on 1 September 2021. The Gauselmann Group thus expanded its casino portfolio to include the venues in Aachen, Bad Oeynhausen, Dortmund-Hohensyburg and Duisburg, and additionally has the option to open two more venues in NRW.

The task now is to successfully integrate MERKUR SPIELBANKEN NRW into the corporate group.

The Supervisory Board was, of course, kept continually informed throughout the pandemic through oral and written reports about the development of the company’s business and its financial situation. All material business events and transactions were discussed with the Management Board in regular meetings.

The consolidated financial statements as at 31 December 2021 and the combined Gauselmann Group management report were audited and approved and issued with an audit opinion by DR. WOELKE AG Wirtschaftsprüfungsgesellschaft, Herford. After reviewing the consolidated financial statements and management report, the Supervisory Board concurs with the audit opinion of the auditor and, after completing its examination, raises no objections. The Supervisory Board hereby approves the financial statements prepared by the Management Board.

Espelkamp, September 2022



Manfred Grünewald
Chairman of the Supervisory Board

SUPERVISORY BOARD



Manfred Grünewald
Chairman, former Managing
Partner of tobaccoland GmbH
& Co. KG



Karsten Gauselmann
Hotelier

Janika Gauselmann
Economics graduate
(no photo)

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