

# 2021

## ANNUAL FINANCIAL REPORT



NOVOMATIC AG



**CONSOLIDATED  
FINANCIAL  
STATEMENT**



**INDIVIDUAL  
FINANCIAL  
STATEMENT**

4	Foreword by the Executive Board
6	Management Report on Consolidated Financial Statement
32	Consolidated Balance Sheet
33	Consolidated Income Statement
36	Notes to the Consolidated Financial Statement
105	Statement by the Executive Board
106	Auditor's Report on the Consolidated Financial Statement
112	Supervisory Board Report
114	Management Report on Individual Financial Statement
130	Balance Sheet
134	Income Statement
136	Notes on the Individual Financial Statement
158	Auditor's Report on the Individual Financial Statement



# FOREWORD BY THE EXECUTIVE BOARD

Dear Ladies and Gentlemen,

We look back on a year that has presented us all with extraordinary challenges in both our personal and business environments. The effects of the pandemic, specifically the far-reaching restrictions in all relevant markets, had a particularly strong impact on the first half of 2021. Yet, despite this, we can certainly be satisfied with how the fiscal year turned out. Despite months of lockdowns and the associated closures of casinos, slot arcades and betting operations in key markets of the NOVOMATIC AG Group, it was possible to stabilize the Gaming Operations segment thanks to a lot of hard work, meaning that it only recorded a slight decline in revenues to EUR 1,034.1 million (-3.5 percent). By contrast, the Gaming Technology segment reported a 20.3 percent year-on-year increase in revenues to EUR 806.2 million. The increased demand and, consequently, the larger number of terminals sold is due in particular to the high quality and performance of NOVOMATIC technology.

In the 2021 fiscal year, the NOVOMATIC AG Group operated around 2,000 of its own gaming facilities in 50 countries and exported innovative gaming equipment, system solutions, and services to around 100 countries. As a result, the company was again able to consolidate and expand its position as a top global player and full-service provider to the entertainment industry in the year under review. In addition, the path of Group-wide optimization already embarked upon in the 2020 fiscal year was successfully continued with the work to realign the Global Sales and Global Production & Logistics business segments and to restructure the central Global Operations business segment. This resulted in Group revenue rising from EUR 1,743.6 million in the previous year to EUR 1,842.3 million in 2021, representing an increase of EUR 98.7 million (+5.7 percent). In addition, the equity ratio increased from 27.7 percent to 29.7 percent due to the positive overall Group result.

Despite the COVID-related challenges, the NOVOMATIC AG Group saw a number of positive developments and experienced several highlights in the 2021 fiscal year. The second year of the pandemic saw demand increase, for example, in the sports betting segment and in the online sector. We were able to present innovations from our online and terrestrial product portfolios with success at the Global Gaming Expo in Las Vegas in October via our Group company NOVOMATIC Americas. NOVOMATIC was also recogni-

zed in the most important awards of the Latin American gaming industry, the SAGSE Awards, both in the category "Best Electronic Roulette" and "Best Land-based Progressive Jackpot". As casinos in the Netherlands began reopening, the new Casino ADMIRAL Helmond became the seventh Casino ADMIRAL location to open in the Netherlands.

As an international gaming facility operator and supplier of technology around the world, we are aware of the great responsibility we have towards our total of around 21,200 employees as well as towards our customers. This is why NOVOMATIC consistently pursues sustainability goals that are reflected in the Group strategy in the form of socially responsible and ecologically sustainable corporate development. Specific strategy areas include environmental, social and employee matters as well as ensuring strict adherence to comprehensive compliance guidelines. Our sustainable commitment in these areas is confirmed by top rankings in international Environmental, Social & Governance (ESG) ratings from leading rating agencies. We also see our renewed certification to the internationally recognized G4 standard for player protection as valuable recognition for our hard work in this important area. More information on our ESG measures can be found in the non-financial part of this report.

The 2021 fiscal year demonstrated that we were able to successfully meet the extraordinary challenges with innovative strength and flexibility combined with measures for sustainable cost optimization and improving efficiency. We would like to take this opportunity to express our sincere thanks to our employees. During this unprecedented period, they have shown enormous commitment, loyalty and dedication, making a major contribution to safeguarding our quality and innovation leadership, and even expanding it further in some segments. Together we can look to the future with confidence and add yet more chapters to the NOVOMATIC success story.

The Executive Board of NOVOMATIC AG

**Ryszard Presch**

Member of the Executive Board

**Johannes Gratzl**

Member of the Executive Board



NOVOMATIC-  
Consolidated Financial Statement

# NOVOMATIC AG MANAGEMENT REPORT

for the 2021 Consolidated Financial Statement, NOVOMATIC AG, Gumpoldskirchen

## (1) Purpose of the Business and Strategy

NOVOMATIC<sup>1</sup> is a globally operating, integrated gaming technology and entertainment group with over 40 years of experience as a producer of innovative high-tech gaming equipment. The Group develops, manufactures and sells gaming products, lottery technologies and networked system solutions for domestic and international gaming and betting markets. NOVOMATIC furthermore operates around 2,000 gaming facilities, which include casinos, slot arcades, sports betting outlets and bingo facilities.

In addition to the development of terrestrial gaming equipment, the NOVOMATIC AG Group's business activity also covers the development of games for licensed online and offline suppliers and as an operator of online gaming and sports betting platforms.

NOVOMATIC pursues a strategy of vertical integration within the gaming industry, meaning it acts as a manufacturer of state-of-the-art gaming equipment as well as an operator of gaming facilities. In the years since its establishment, this has contributed significantly to the success of the Company. With this integrated approach, the Group is able to introduce newly developed products into the marketplace very quickly, gain insights into their potential success and subsequently influence the development of new technologies in a goal-oriented manner.

## (2) Economic Conditions

### Macroeconomic Development

As in the previous year, 2021's macroeconomic development was significantly impacted by the COVID-19 pandemic. Measures such as lockdowns or the temporary closures of business premises were implemented, particularly in the first half of the year, to contain the spread of the virus. Rising vaccination rates and the availability of vaccines in numerous countries meant that restrictive measures were gradually eased during the second quarter and the global economy was able to steadily recover. The impact of the improved health situation around the world led to an increase in private consumption levels, rising investment, and a revitalization of the tourism sector. Higher public spending also boosted economic growth in individual markets, yet supply shortages, which had a significant impact on global production and the supply of goods, put the brakes on development, particularly in the third and fourth quarter. Just about every single country and industry in the world was affected. In Europe, it was particularly Germany that felt the effects of this due to its strong focus on production. This resulted in lower investments and limited production activities. The COVID-19 variant that emerged in November 2021 also cast a cloud over expectations towards the end of the year.

The increase in global GDP in 2021 is forecast to come in at 5.9 percent<sup>2</sup>, while the euro area is predicted to see an increase of 5.3 percent<sup>3</sup>.

<sup>1</sup> In this management report, the terms "NOVOMATIC", "Group", "NOVOMATIC Group" and "NOVOMATIC AG Group" refer to the group of consolidated companies included in the consolidated financial statement for NOVOMATIC AG.

<sup>2</sup> According to the World Economic Outlook Update dated January 2022 provided by the International Monetary Fund (IMF).

<sup>3</sup> According to the European Economic Forecast Winter 2022.

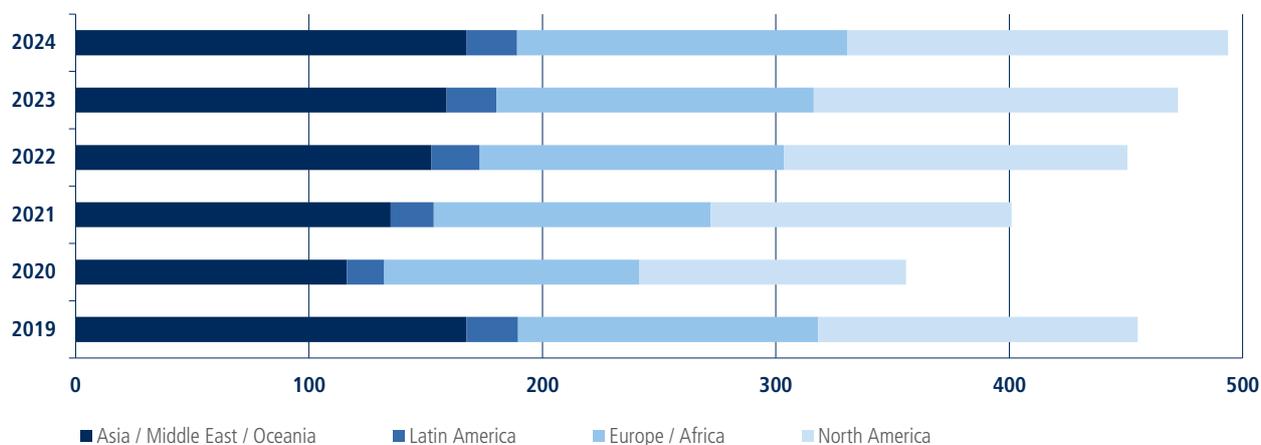
Economic growth in %*	2022f	2021	2020
Austria	4.3	4.7	-6.7
Germany	3.6	2.8	-4.6
Italy	4.1	6.5	-8.9
United Kingdom	4.7	7.2	-9.4
Spain	5.6	5.0	-10.8
Netherlands	3.0	4.3	-3.8
Central and Eastern Europe	3.5	6.5	-1.8
USA	4.0	5.6	-3.4
Latin America	2.4	6.8	-6.9
World	4.4	5.9	-3.1

\* Growth in Austria, Germany, Italy, Spain and the Netherlands are taken from the Winter 2022 economic forecast of the European Union. Growth in the UK, Central and Eastern Europe, the United States, Latin America and the world is taken from the International Monetary Fund's January 2022 World Economic Outlook Update.

## Development of the Gaming Market

### WORLDWIDE GAMING REVENUES

in billion USD (source: GBGC)

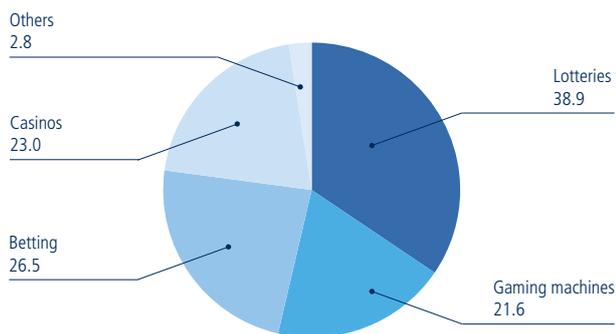


In 2021, global gaming revenues, after experiencing a decline in 2020 caused by the COVID-19 pandemic and the associated restrictions (curfews, social distancing, cancellation of sporting events, etc.), recovered and amounted to USD 401.1 billion, according to the Global Gambling Report by Global Betting and Gaming Consultants (GBGC). This represents an increase of 12.7 percent over the previous year. The highest increase was recorded in the casino sector, which generated around 25.0 percent higher revenues in 2021 than in 2020, an increase attributable to the lack of guests in the previous year caused by the aforementioned restrictions. In 2022, GBGC experts forecast sales of USD 450.7 billion, signaling a return to pre-COVID-19 pandemic levels.

The impact of the crisis in Ukraine, which escalated in February 2022, on the global gaming market, in particular also due to the sanctions imposed on Russia and Belarus, cannot be assessed at the moment.

In Europe, NOVOMATIC's most important gaming market, gaming revenues amounted to USD 112.8 billion in 2021, 34.5 percent of which are attributable to the lottery sector, which is the largest sector in Europe with a total revenue of USD 38.9 billion and which grew by 6.2 percent over 2020. The second-largest sector in terms of revenue in 2021 is the horse and sports betting market, which grew by 7.0 percent, particularly due to the absence of a large number of sporting events in 2020. Overall, the European market recorded a year-on-year increase in revenue of 10.1 percent. The experts at GBGC anticipate average growth of around 5.8 percent for the coming years until 2024, although this figure depends heavily on how the COVID-19 pandemic progresses as well as the regulations in place in the various individual European markets.

#### GAMING REVENUES IN EUROPE, USD BILLIONS



Revenues in the North American gaming market amounted to USD 128.9 billion in 2021, representing growth of 12.8 percent over the previous year. The largest gaming market, the casino sector, recorded a 12.7 percent increase in revenue due to lower restrictions. The largest percentage increase over 2020 was seen in the horse and sports betting market, where revenues increased by 65.1 percent in 2021 due to the U.S.-wide sports betting ban lifted in 2018. Average growth of 8.1 percent is forecast for the North American gaming market between 2022 and 2024.

The Latin American gaming market recorded a 15.5 percent increase in revenue compared to 2020, meaning that revenue came in at USD 18.4 billion in 2021, accounting for 4.6 percent of global gaming revenue. In particular, the renewed increase in the number of visitors to casinos in 2021 resulted in a year-on-year increase of 55.7 percent in the casino sector. The average annual growth rate is 5.9 percent.

Global online gaming revenue increased by 16.6 percent compared to 2020 and stood at USD 70.0 billion in 2021. The largest sub-segment of this market continued to be online betting, which accounted for around 52.2 percent of total revenue in 2021.

### (3) Business Performance

#### General Business Development in the Reporting Period

In 2021, the NOVOMATIC AG Group was again affected by the impact of the COVID-19 pandemic in many important markets. While the Group's gaming facilities were closed for around three months in the first half of the previous year, the facilities in the Group's core markets in particular were subject to longer closures in the first half of 2021, lasting until the end of June in some cases. Following a rapid recovery in business activity in the second and third quarters, the fourth quarter of 2021, similar to the previous year, saw renewed closures of the NOVOMATIC AG Group's locations in several markets, some of which continued for the rest of the year.

As the lockdowns lasted several months and the gaming facilities (casinos, arcades, betting shops) in several of the NOVOMATIC AG Group's markets were forced to close their doors, the Gaming Operations segment recorded declines in revenue. However, the Gaming Technology segment reported higher sales year-on-year in almost all markets. The Australian group Ainsworth Game Technology as well as the subsidiaries in the Eastern European market and those of the Greentube Group are particularly responsible for this positive development.

Group revenues (before gaming taxes and betting fees) increased from EUR 1,743.6 million in the previous year to EUR 1,842.3 million in 2021, representing an increase of EUR 98.7 million (+5.7 percent).

In addition to the necessary ongoing evaluation of lockdowns, including their extensions and reopenings, and the restrictive overall conditions (limited number of customers, minimum distances, hygiene concepts, shortened opening hours, etc.), national governments have again adopted a wide variety of support initiatives for businesses. These ranged from covering personnel expenses (reduced working time schemes), tax deferrals, and non-interest-bearing loans to covering loss of sales or costs.

In addition to the impact of the COVID-19 measures, there were also regulatory factors, such as the increase in PREU (flat tax on certain gaming machines) for VLT (video lottery terminals) and AWP (Amusement With Prizes) machines, which had already been decided in 2019, as of January 1, 2021 in Italy. In Germany, the State Treaty on the re-regulation of Gaming was signed in October 2020 and has been in force since July 1, 2021. The implementation of the requirements of the State Treaty on Gaming 2021 as set out in the respective state-specific implementing provisions, as well as transitional arrangements provided for existing gaming arcades, resulted in a lower number of gaming arcade closures in the German market than originally assumed.

Despite business activity being constrained by the COVID-19 pandemic, earnings before depreciation, amortization, impairment losses and impairment reversals, interest and taxes (EBITDA) came to EUR 587.5 million in 2021. Operating profit (EBIT) increased in 2021 by EUR 417.6 million from EUR -247.3 million in the previous year to EUR 170.3 million. The result for the period was EUR 64.9 million, EUR 327.7 million above the previous year's level.

#### Important Events

The NOVOMATIC AG Group's business operations were again significantly affected by the COVID-19 pandemic in 2021. In order to counteract the negative effects, numerous cost optimization and efficiency enhancement measures were implemented throughout the entire Group.

In January 2021, the acquisition of a majority stake in a Serbian operator was completed. At the date of acquisition, the operating company ran approximately 150 betting shops and three gaming arcades.

In Vienna, a new betting law came into force on January 1, 2021. ADMIRAL Sportwetten GmbH was granted a license for all locations operated, thereby ensuring sports betting operations for the next few years.

In May 2021, the Greentube Group won a Europe-wide tender launched by Luxembourg's national lottery. As a technology partner of Loterie Nationale Luxembourg, the Group will initially supply the state lottery with VLT technology for seven years.

In Germany, the new State Treaty on Gaming came into force on July 1, 2021, which sets out a new regulatory framework for gaming, with particular regard to the awarding of licenses and, for the first time, online gaming. The implementation laws that have been passed on state level led to fewer closures of arcades than originally assumed as well as to a largely non-existent reduction of the maximum number of permitted gaming devices and to new regulations on minimum distances. In order to curb the supply of illegal online gambling, the online sector was also regulated across Germany for the first time.

The utilization of the revolving credit line of EUR 1.0 billion amounted to EUR 385.0 million as at December 31, 2021. A bond in the amount of EUR 200 million was repaid in June 2021. For this purpose, short-term refinancing in the amount of EUR 100 million was raised. An additional short-term financing in the amount of EUR 140 million was raised in November 2021.

NOVOMATIC AG receives a rating on an ongoing basis from the ratings agency Standard & Poor's (S&P) and consistently held an investment grade rating until June 2019. On December 9, 2020 (last rating change), S&P downgraded NOVOMATIC AG's rating by one notch from BB+ with negative outlook to BB with negative outlook. The primary reason given by S&P for the rating change was the continued high level of uncertainty caused by the prevailing COVID-19 pandemic and the resulting negative impact on the business activities and profitability of the NOVOMATIC AG Group. The current rating BB (negative outlook) was confirmed by the rating agency S&P on June 16, 2021.

## Consolidated Financial Statement for NOVOMATIC

### Earnings Position

EUR m	2021	2020	Difference absolute	Difference in %
Revenues	1,842.3	1,743.6	98.7	5.7%
Gaming taxes and betting fees	-208.3	-214.8	6.5	-3.0%
<b>Revenues less gaming taxes and betting fees</b>	<b>1,633.9</b>	<b>1,528.7</b>	<b>105.2</b>	<b>6.9%</b>
Changes in inventories of finished goods and work in progress	-28.0	0.1	-28.2	-
Own work capitalized	73.8	73.0	0.8	1.1%
Other operating income	247.6	76.9	170.7	222.0%
Cost of material and other purchased services	-189.5	-180.6	-8.9	4.9%
Personnel costs	-608.2	-606.9	-1.3	0.2%
Other operating expenses	-542.1	-585.3	43.2	-7.4%
<b>EBITDA</b>	<b>587.5</b>	<b>305.9</b>	<b>281.6</b>	<b>92.1%</b>
<b>EBITDA margin</b>	<b>31.9%</b>	<b>17.5%</b>	<b>14.3 PP</b>	<b>-</b>
Depreciation and amortization, impairment and reversal of impairment	-417.2	-553.2	136.0	-24.6%
<b>EBIT</b>	<b>170.3</b>	<b>-247.3</b>	<b>417.6</b>	<b>-</b>
<b>EBIT margin</b>	<b>9.2%</b>	<b>-14.2%</b>	<b>23.4 PP</b>	<b>-</b>
Financial result	-41.3	-31.7	-9.6	30.1%
<b>Earnings before taxes</b>	<b>129.0</b>	<b>-279.0</b>	<b>408.0</b>	<b>-</b>
Income taxes	-64.1	14.3	-78.4	-
<b>Net result from continued operations</b>	<b>64.9</b>	<b>-264.7</b>	<b>329.7</b>	<b>-</b>
Result from discontinued operations	0.0	2.0	-2.0	-100.0%
<b>Result for the year</b>	<b>64.9</b>	<b>-262.8</b>	<b>327.7</b>	<b>-</b>

Key figures from earnings position	2021	2020
EBITDA (in EUR m)	587.5	305.9
Operating Result (EBIT) (in EUR m)	170.3	-247.3
Earnings before interest expense and tax (in EUR m)	184.5	-229.9
Profit margin	10.0%	-13.2%
Return on equity	11.0%	-26.4%
Return on total capital	4.7%	-6.0%
Interest coverage ratio	306.6%	n.a.
Effective tax rate	-49.7%	-5.1%

EBITDA and EBIT constitute key performance indicators that are not defined in the International Financial Reporting Standards (IFRS). They serve as a way for the management of NOVOMATIC to measure and control the Group's economic success and profitability. The EBITDA key performance indicator is calculated by taking the operating profit and adjusting it for depreciation, amortization, impairment losses and reversals of impairment losses. At NOVOMATIC, the EBIT key performance indicator refers to the operating profit as presented in the consolidated income statement. The EBITDA margin or EBIT margin is defined as being the ratio of EBITDA or EBIT to revenue. Earnings before interest expense and tax are the result of an adjustment of interest expenses on earnings before taxes. Profit margin describes the ratio of earnings before interest and taxes to sales. Return on equity

is calculated as the ratio of profit before taxes to equity. Return on assets describes the ratio of earnings before interest and taxes to total capital. The interest coverage ratio is derived from EBIT in relation to interest expenses. The effective tax rate is the ratio of income tax to profit before taxes.

In the 2021 fiscal year, the NOVOMATIC Group generated EUR 1,842.3 million in revenues, compared to EUR 1,743.6 million in the same period of 2020. The increase in revenues of EUR 98.7 million (+5.7 percent) was attributable to relaxed COVID-19 measures and the performance of NOVOMATIC products and resulted from several markets: Great Britain (EUR +45.6 million), Eastern Europe (EUR +37.1 million), Spain (EUR +28.5 million), the Online division (EUR +17.2 million), Italy (EUR +13.0 million) and Other Markets (EUR +60.9 million). Revenues in Germany (EUR -68.2 million), Austria (EUR -23.0 million) and the Netherlands (EUR -12.4 million) were down due to prolonged restrictive COVID-19 measures.

The largest increase in revenue in absolute terms is attributable to the sales revenues, which rose by EUR 98.4 million (+47.8 percent). The majority of this increase was recorded by the Ainsworth Group (EUR +50.3 million) and in the Eastern Europe region (EUR +23.6 million).

The income from rent and management services went up by EUR 22.4 million (+5.7 percent) to EUR 415.8 million. The increase in this item is also mainly attributable to the Ainsworth Group (EUR +12.6 million).

The prevailing conditions in 2021 meant that eBusiness revenues saw an increase similar to that in 2020 and amounted to EUR 246.2 million (EUR +31.7 million) in the reporting period. Betting revenues (EUR +12.8 million) and other revenues (EUR +6.0 million) also recorded increases compared to 2020.

The largest revenue loss relates to gaming machine revenues, which decreased by EUR 50.8 million to EUR 690.3 million in 2021 due to numerous COVID-19 measures. In this context, catering and lodging revenues (EUR -5.1 million) and live game (EUR -1.6 million) also recorded declines.

Sales deductions increased by EUR 15.1 million year-on-year to EUR 70.3 million in 2021 (+27.4 percent).

The revenues of the individual regions are discussed in detail in the segment analysis.

Gaming taxes and betting fees, which depend largely on gaming machine and betting revenues, declined from EUR 214.8 million to EUR 208.3 million (-3.0 percent).

The cost of materials and other purchased services increased by EUR 8.9 million to EUR 189.5 million in the reporting period. While positive changes in inventories (EUR 0.1 million) were reported in the previous year, 2021 saw negative changes in inventories of EUR 28.2 million. The change in these items is mainly attributable to the higher number of units sold and the associated reduction in inventories.

After a decrease in personnel expenses to EUR 606.9 million in the previous year due to the COVID-19 pandemic, there has been a slight change to EUR 608.2 million (+0.2 percent) in 2021.

Other operating expenses decreased by EUR 43.2 million, from EUR 585.3 million in 2020 to EUR 542.1 million in 2021. The decrease, in addition to reduced business activity due to the COVID-19 pandemic, is attributable to cost-saving programs as well as measures to improve efficiency. The largest positive effects were achieved in foreign exchange losses, whose expenses fell from EUR 20.7 million to EUR 5.3 million (-74.4 percent) in 2021. The largest increase in other operating expenses relates to advertising expenses, which rose by EUR 8.5 million to EUR 85.5 million in 2021.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 587.5 million at the end of the year. The year-on-year increase of EUR 281.6 million (+92.1 percent) from EUR 305.9 million is attributable both to higher sales revenues in 2021 and to higher other operating income and lower expenses. The EBITDA margin in 2021 was 31.9 percent, 14.3 percentage points above the previous year's level. Depreciation, amortization, impairment losses and reversals of impairment losses decreased

by EUR 136.0 million (-24.6 percent) and amounted to EUR 417.2 million in 2021 after EUR 553.2 million in the previous year. Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets decreased by EUR 54.7 million (-11.8 percent) to EUR 408.9 million, while impairment losses, net of impairment reversals, fell from EUR 89.7 million to EUR 8.4 million (-90.7 percent).

Operating profit (EBIT) increased from EUR -247.3 million in 2020 by EUR 417.6 million to EUR 170.3 million 2021.

The financial result in 2021 decreased from EUR -31.7 million in the previous year to EUR -41.3 million in the reporting period. The decrease (EUR -10.4 million) is mainly due to lower other financial income.

Earnings before taxes improved to EUR 129.0 million during the reporting period. This corresponds to an increase by EUR 408.0 million. After taking income tax amounting to EUR -64.1 million as well as the result from discontinued operations into consideration, the Group was able to record a net result for the year of EUR 64.9 million, compared to EUR -262.8 million for the previous year.

## Important Key Figures

### Leased gaming devices<sup>4</sup>

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
2021	<b>145,877</b>	<b>1,862</b>	<b>75,305</b>	<b>38,479</b>	<b>156</b>	<b>5,999</b>	<b>59</b>	<b>14,283</b>	<b>9,456</b>	<b>278</b>
2020	150,824	2,428	77,845	38,987	0	6,411	22	15,568	9,563	-

### Operated gaming devices<sup>5</sup>

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
2021	<b>66,116</b>	<b>2,256</b>	<b>10,681</b>	<b>8,954</b>	<b>19,873</b>	<b>3,743</b>	<b>4,266</b>	<b>15,944</b>	<b>399</b>	-
2020	63,261	2,244	11,951	7,541	17,957	3,496	4,402	15,283	387	-

### Sold gaming devices<sup>6</sup>

	Group	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
2021	<b>25,755</b>	<b>3,434</b>	-	<b>120</b>	<b>610</b>	<b>7,634</b>	<b>464</b>	<b>5,305</b>	<b>8,188</b>	-
2020	15,046	2,242	-	82	521	4,774	382	2,301	4,744	-

## Segment Analysis

EUR m	2021	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
<b>Revenues</b>	<b>1,842.3</b>	<b>221.1</b>	<b>465.7</b>	<b>198.5</b>	<b>156.7</b>	<b>117.5</b>	<b>44.0</b>	<b>270.1</b>	<b>163.6</b>	<b>204.9</b>
Gaming Technology	806.2	41.0	261.4	78.2	14.2	43.6	5.3	93.8	163.0	105.8
Gaming Operations	1,034.1	180.2	203.4	120.3	142.1	73.9	38.7	176.4	0.0	99.1
Other	1.9	0.0	0.9	0.0	0.4	0.0	0.0	0.0	0.6	0.0

EUR m	2020	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
<b>Revenues</b>	<b>1,743.6</b>	<b>244.1</b>	<b>533.9</b>	<b>185.5</b>	<b>111.2</b>	<b>89.1</b>	<b>56.4</b>	<b>233.1</b>	<b>102.7</b>	<b>187.7</b>
Gaming Technology	670.0	36.7	259.9	73.5	9.3	33.2	6.0	62.6	102.0	86.7
Gaming Operations	1,071.6	207.4	273.1	112.0	101.5	55.9	50.4	170.5	0.0	100.9
Other	2.0	0.0	0.9	0.0	0.4	0.0	0.0	0.0	0.8	0.0

EUR m	Change	Austria	Germany	Italy	United Kingdom	Spain	The Netherlands	Eastern Europe	Other markets	Online
<b>Revenues</b>	<b>98.7</b>	<b>-23.0</b>	<b>-68.2</b>	<b>13.0</b>	<b>45.6</b>	<b>28.5</b>	<b>-12.4</b>	<b>37.1</b>	<b>60.9</b>	<b>17.2</b>
Gaming Technology	136.3	4.2	1.5	4.7	4.8	10.4	-0.7	31.2	61.0	19.1
Gaming Operations	-37.5	-27.2	-69.7	8.3	40.7	18.1	-11.7	5.9	0.0	-1.8
Other	-0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	-0.1	0.0

<sup>4</sup> Number to third parties at the end of the period, irrespective of lockdowns, as at the end of the year

<sup>5</sup> Number at the end of the period, irrespective of lockdowns, as at the end of the year

<sup>6</sup> Number to third parties during the period

## Segment Reporting Contents

NOVOMATIC's segment reporting follows the Group's integrated market strategy.

The Gaming Technology segment comprises the business segment focusing on the development, production, leasing, and sale of gaming equipment, gaming content, and gaming technology. The Gaming Technology segment also includes Group activities in the areas of online and mobile gaming, sports betting, and lottery technology solutions, to the extent this relates to the B2B area.

The Gaming Operations segment comprises the self-operated locations, covering slot arcades, casinos, sports betting outlets, and bingo halls. The Gaming Operations segment also includes Group activities in the areas of online and mobile gaming as well as sports betting, to the extent this relates to the B2C area.

The Other segment includes all activities not included in the Group's core business areas. This segment mainly comprises holding companies.

Revenues of the NOVOMATIC AG Group increased from EUR 1,743.6 million to EUR 1,842.3 million in 2021 due to the positive business development. In the year under review, the Gaming Technology segment generated revenues of EUR 806.2 million, the Gaming Operations segment EUR 1,034.1 million, and the Other segment EUR 1.9 million.



External revenues in the Gaming Technology segment amounted to EUR 806.2 million in the reporting period, representing an increase of EUR 136.3 million (+20.3 percent) over the previous year. The year-on-year increase is largely attributable to the Ainsworth Group, which saw an increase in revenue from EUR 67.9 million in 2020 to EUR 118.3 million in 2021. In addition to the good performance of NOVOMATIC devices, the lower level of restrictive measures in numerous countries also ensured higher revenues in this segment.

External revenues in the Gaming Operations segment amounted to EUR 1,034.1 million in 2021. This corresponds to a decline of EUR 37.5 million or -3.5 percent compared to the previous year (EUR 1,071.6 million), attributable to the closure of numerous sites for several months due to the COVID-19 pandemic. Between the beginning of January and the beginning of June 2021, around two thirds of the Group's gaming facilities were temporarily closed. It was not until June that many markets relaxed the restrictive measures, thereby enabling the gaming facilities to open again. As of the end of June, around 95 percent of the gaming facilities had thus reopened. November and December 2021 again saw some of these facilities closing, mainly in Austria, Germany, and the Netherlands.

In addition to the temporary closures, other measures enacted to contain the spread of COVID-19, which were still in effect in most markets at the end of the year, had a negative impact on revenues. Among other things, these measures include restrictive entry requirements, a minimum distance between gaming terminals and tables, restricted opening hours, or the introduction of a maximum number of customers allowed on the premises at any one time.

The largest negative changes in revenue in the Gaming Operations segment were attributable to the regions Germany (EUR -69.7 million), Austria (EUR -27.2 million) and the Netherlands (EUR -11.7 million).

External revenues in the Other segment amounted to EUR 1.9 million in 2021, representing a year-on-year decrease of EUR 0.1 million (-4.3 percent).

## **Austria**

### **Gaming Technology**

The focus of the companies in Austria allocated to the Gaming Technology segment is on the production and distribution of gaming devices.

Demand for gaming terminals increased immediately after the end of the lockdowns in the respective sales markets, resulting in higher production utilization and higher sales revenues. Amounting to EUR 25.4 million in the previous year, these came to EUR 29.2 million in 2021 (+14.6 percent). Overall, revenues in the Gaming Technology segment in Austria amounted to EUR 41.0 million, up EUR 4.2 million (+11.5 percent) on the previous year (EUR 36.7 million).

### **Gaming Operations**

Most of the revenue generated by the companies active in Austria in the operating segment is derived from the sports betting market and terrestrial electronic gaming.

The COVID-19 pandemic meant that all sites in Austria were closed from early November 2020 to mid-May 2021 as well as in a second lockdown for three weeks in November and December. It was still possible, however, to place bets via ADMIRAL's online sports betting portal during the lockdown. The revenues of all Austrian gaming and betting companies of the NOVOMATIC AG Group amounted to EUR 180.2 million, down EUR 27.2 million (-13.1 percent) from the previous year's level (EUR 207.4 million).

## **Germany**

### **Gaming Technology**

LÖWEN ENTERTAINMENT GmbH, a Group company headquartered in Germany and part of the Gaming Technology segment, focuses on the production and rental of gaming machines.

Due to the prevailing rental model, the revenues of the companies in this segment were less affected by COVID-19 than those of other markets. However, the continuation of the COVID-19 rent reduction model introduced last year also resulted in lower rental and management revenues. Revenues recovered in the second half of 2021 with the removal of the measures in May and June. In Germany, total revenue of the Gaming Technology segment increased slightly by EUR 1.5 million (+0.6 percent) from EUR 259.9 million in 2020 to EUR 261.4 million in 2021.

### **Gaming Operations**

The major part of the revenues in the German market is generated in the area of commercial electronic gaming. On July 1, 2021, the new State Treaty on Gaming came into force, which set out a new regulatory framework for gaming, in particular in regards to the awarding of licenses. Most of the implementing laws passed by the respective states so far have resulted in fewer slot arcade closures than originally anticipated.

2021 was dominated by the temporary closure of slot arcades imposed in early November 2020 due to COVID-19. The resulting slump in revenues continued in 2021. The arcades were successively reopened from May 2021, in line with local state rules. By mid-June 2021, all of the Group's slot arcades in Germany had reopened, leading to a recovery in revenues in the Gaming Operations segment. After COVID-19 new infection numbers spiked again in the fall of 2021, individual states mandated another round of closures in late November or early December. NOVOMATIC is present in the online sports betting market in Germany through Novo Interactive GmbH. After numerous sporting events were canceled in 2020, 2021 saw an increase in revenues of EUR 1.9 million (+70.0 percent) to EUR 5.0 million.

The NOVOMATIC AG Group also operates casinos in Germany. With the venerable Spielbank Berlin, NOVOMATIC operates one of the highest revenue generating live casinos in Germany. NOVOMATIC's German casinos generated revenues of EUR 64.5 million in 2021 (-4.0 percent).

Revenues of the Group companies in Germany falling under the Gaming Operations segment decreased by EUR 69.7 million (-25.5 percent) compared with 2020 and amounted to EUR 203.4 million in 2021.

## Italy

### Gaming Technology

The Italian Group companies in the Gaming Technology segment generate their revenue in particular from the rental of gaming terminals and via revenue-sharing models.

As in the previous year, the Italian market was heavily impacted by COVID-19-related lockdowns in 2021. It was in April 2021 that the lockdown, which had been imposed in October 2020, was gradually suspended. Most facilities, however, were not allowed to reopen until June 2021. Total revenues of the Italian companies falling into the Gaming Technology segment came in at EUR 78.2 million in 2021, compared to EUR 73.5 million in the previous year, which constitutes an increase of EUR 4.7 million (+6.4 percent).

### Gaming Operations

The majority of revenues in the Gaming Operations segment in Italy are generated by terrestrial electronic gaming. In addition to the COVID-19 pandemic, the Italian market was again affected by regulatory changes in 2021. On January 1, 2021, the PREU was increased and as of December 31, 2021, stands at 8.6 percent for VLTs and 24.0 percent for AWP. This tax increase is mainly to be offset by a reduction in the payout ratio.

The revenues of all Italian companies operating in the Gaming Operations segment amounted to EUR 120.3 million in 2021, coming in approximately EUR 8.3 million (+7.5 percent) higher than in the previous year (EUR 112.0 million). The majority of the increase is attributable to eBusiness.

## United Kingdom

### Gaming Technology

The British market is one of the largest gaming markets in Europe and includes approximately 116,300 gaming machines<sup>7</sup>, which are mostly located in pubs, licensed betting offices (LBOs), slot arcades, casinos, and bingo centers.

Despite the closure of all casinos in the UK over a period of several months during the first half of 2021, the companies in this market falling under the Gaming Technology segment were able to generate revenues of EUR 14.2 million due to higher sales revenues. Compared to the previous year (EUR 9.3 million), this represents an increase of EUR 4.8 million (+51.9 percent).

<sup>7</sup> According to UK Gambling Commission industry statistics, accessed on February 28, 2022

### Gaming Operations

At the start of January 2021, the third national lockdown came into effect. In mid-May 2021, the statewide closures ended and all restrictions were lifted. All 234 gaming facilities reopened and promptly reached their pre-lockdown revenue levels. As a result of this development, the operating companies in the UK recorded a strong second half of 2021, generating total revenues of EUR 142.1 million, corresponding to an increase of EUR 40.7 million (+40.1 percent) compared to 2020.

### Spain

#### Gaming Technology

The Spanish market is also one of the largest gaming markets in Europe and therefore represents an important core market for the NOVOMATIC AG Group. Both the slot arcade and bar sectors are served with a comprehensive range of products.

Following regional lockdowns in the first quarter of 2021, market sentiment improved substantially, a fact which, supported by targeted advertising campaigns, led to higher revenues. The revenues of those companies falling under the Gaming Technology segment in Spain amounted to EUR 43.6 million in 2021. Compared to previous year (EUR 33.2 million), this represents an increase of EUR 10.4 million (+31.4 percent).

#### Gaming Operations

In contrast to most other markets in which NOVOMATIC operates, there were only minor temporary closures of gaming facilities in Spain. While a national lockdown of around three months was enacted in 2020, only individual autonomous regions were affected by regional lockdowns in the first quarter of 2021. This development had a positive impact on gaming machine revenues. At EUR 73.9 million, revenues in 2021 were EUR 18.1 million (+32.3 percent) higher than in the previous year (EUR 55.9 million).

### The Netherlands

#### Gaming Technology

The focus of the Netherlands-based companies in the Gaming Technology segment is in the area of gaming machine rental and sales.

In the Netherlands, all gaming locations were closed due to COVID-19 until the beginning of June 2021. A second lockdown in December 2021 resulted in locations being closed again until the end of the year. Revenues of the Dutch companies falling under the Gaming Technology segment decreased by EUR 0.7 million (-11.5 percent) from EUR 6.0 million in 2020 to EUR 5.3 million in 2021.

#### Gaming Operations

The Dutch market is divided into the operation of slot arcades and the bar business (single sites). Both business segments were affected by closures both in the first half of the year and towards the end of the year, with slot arcades closed for an average of around one month longer in 2021 than in the previous year. As a result, and due to further restrictive COVID-19 measures, revenues decreased by EUR 11.7 million (-23.2 percent) from EUR 50.4 million in 2020 to EUR 38.7 million in 2021.

## Eastern Europe

### Gaming Technology

The companies falling into the Gaming Technology segment within the region of Eastern Europe recorded revenues of EUR 93.8 million during the reporting period, which corresponds to an increase by EUR 31.2 million (+49.9 percent) against the previous year's level of EUR 62.6 million. The course of the COVID-19 pandemic and the related measures taken in Eastern Europe varied from country to country, impacting each one to a different extent. Nevertheless, most countries within the region were able to achieve a positive development in sales revenue.

### Gaming Operations

Combined, the companies included in this segment generated revenues of EUR 176.4 million in 2021. This corresponds to an increase of EUR 5.9 million (+3.4 percent) compared to the previous year. As a result of the different COVID-19 developments and the corresponding measures taken, the revenue trends varied greatly from country to country within the region. While Latvia (EUR -34.5 million) saw a decline in revenues due to longer temporary closures in 2021, Serbia (EUR +22.5 million) was able to generate higher revenues due to the acquisition of ZBET RS d.o.o. in January 2021. In the markets of North Macedonia (EUR +13.4 million) and Bosnia and Herzegovina (EUR +4.3 million), revenues increased due to the lower level of restrictive measures.

## Other Markets

### Gaming Technology

Revenues of the companies falling under the Gaming Technology segment in the Other Markets region reached EUR 163.0 million in 2021 compared to EUR 102.0 million in the previous year – an increase by EUR 61.0 million or +59.8 percent. The largest divergence can be found in the Australian group Ainsworth Game Technology which increased its revenues by EUR 50.4 million. Overall, the Australian group generated sales of EUR 118.3 million, compared with EUR 67.9 million in 2020.

## Online

### Gaming Technology

This business segment comprises the online and mobile gaming (B2B) companies of the Greentube Group, a leading international provider of online games and platforms. Games are offered to both licensed operators of real cash online casinos (regular gaming with payout of winnings) and operators of social casinos (with no payout of winnings). Furthermore, the Greentube Group develops system solutions and makes these available to licensed online gaming companies. The range on offer can be scaled as desired by the customer.

The lockdowns in the various markets had a positive impact on online business activities. The Greentube Group companies falling under the Gaming Technology segment generated revenues of EUR 105.8 million in 2021, representing an increase of EUR 19.1 million (+22.0 percent) This growth in revenue resulted from the continuous expansion of the B2B customer base.

### Gaming Operations

The online/mobile B2C market is divided into the segments of Social Casinos (no payout of winnings) and Cash Casinos (gaming with payout of winnings).

Due to the business activities of the online market, revenues were not negatively impacted by the COVID-19 pandemic, unlike those of the remaining markets. In 2021, the Greentube Group, which belongs to the NOVOMATIC AG Group, recorded a decline in revenues of EUR 1.8 million (-1.8 percent) to EUR 99.1 million in the Gaming Operations segment, a fact attributable to lower eBusiness revenues in the United Kingdom.

## Net Assets

EUR m	12/31/2021	12/31/2020	Difference absolute	Difference %
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	775.0	760.5	14.5	1.9%
Right-of-use assets	531.2	520.9	10.3	2.0%
Property, plant and equipment	825.9	888.5	-62.6	-7.0%
Financial assets	223.6	177.7	45.8	25.8%
Other non-current assets	267.7	279.5	-11.8	-4.2%
	<b>2,623.3</b>	<b>2,627.0</b>	<b>-3.7</b>	<b>-0.1%</b>
<b>Current assets</b>				
Inventories	244.5	252.2	-7.7	-3.1%
Trade receivables, other receivables and assets	484.1	347.7	136.4	39.2%
Cash and cash equivalents	563.0	531.8	31.1	5.9%
Other current assets	28.8	36.3	-7.5	-20.7%
Non-current assets and disposal groups held for sale	0.6	18.5	-17.9	-96.8%
	<b>1,321.0</b>	<b>1,186.6</b>	<b>134.4</b>	<b>11.3%</b>
<b>TOTAL ASSETS</b>	<b>3,944.3</b>	<b>3,813.6</b>	<b>130.7</b>	<b>3.4%</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	26.6	26.6	0.0	0.0%
Capital reserve	85.4	85.4	0.0	0.0%
Retained earnings	932.9	844.3	88.7	10.5%
Revaluation reserve	66.4	27.4	39.0	142.0%
Currency translation adjustment	-81.6	-97.0	15.4	-15.9%
Non-controlling interests	142.6	168.5	-26.0	-15.4%
	<b>1,172.3</b>	<b>1,055.2</b>	<b>117.1</b>	<b>11.1%</b>
<b>Non-current liabilities</b>				
Non-current financial liabilities	1,113.0	1,166.8	-53.8	-4.6%
Non-current lease liabilities	504.1	477.3	26.9	5.6%
Non-current provisions	74.6	77.4	-2.8	-3.6%
Other non-current liabilities	145.0	119.3	25.6	21.5%
	<b>1,836.7</b>	<b>1,840.8</b>	<b>-4.1</b>	<b>-0.2%</b>
<b>Current liabilities</b>				
Current financial liabilities	321.5	306.1	15.4	5.0%
Current lease liabilities	109.0	112.6	-3.6	-3.2%
Trade payables and other liabilities	414.4	420.5	-6.1	-1.5%
Other current liabilities	90.5	78.4	12.1	15.4%
	<b>935.3</b>	<b>917.7</b>	<b>17.7</b>	<b>1.9%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,944.3</b>	<b>3,813.6</b>	<b>130.7</b>	<b>3.4%</b>

Key figures on net worth and financial position	2021	2020
Gross debt (in EUR m)	2,047.6	2,062.8
Net debt (in EUR m)	1,406.3	1,460.2
Working capital (in EUR m)	385.6	268.9
Equity ratio	29.7%	27.7%
Net gearing ratio	2.4	4.8
ROCE	5.7%	-8.5%

Gross debt is calculated as the sum of current and non-current financial liabilities and lease liabilities. Net debt is calculated as gross debt less cash, cash equivalents, precious metals and securities. Working capital is the difference between current assets and current liabilities. Equity ratio exhibits the portion of equity to total capital. The net gearing ratio is the ratio of net debt to operating profit plus depreciation and amortization, impairment and reversal of impairment (EBITDA). ROCE is the portion of EBIT in relation to the sum of equity and long-term liabilities.

The balance sheet total increased compared to December 31, 2020 by EUR 130.7 million (+3.4 percent) and amounted to EUR 3,944.3 million as of December 31, 2021.

Non-current assets decreased by EUR 3.7 million (-0.1 percent) to EUR 2,623.3 million, with the main contributor to this reduction being property, plant and equipment.

Property, plant and equipment decreased by EUR 62.6 million (-7.0 percent) year-on-year to EUR 825.9 million. This was mainly because of the decrease in the gaming devices (EUR -61.9 million) due to the depreciation of the devices in connection with the lower inventory of leased devices as a result of COVID-19. Of this amount, EUR 40.5 million is attributable to Germany and EUR 11.6 million to Italy.

Intangible assets rose by EUR 14.5 million (+1.9 percent) to EUR 775.0 million, the increase being attributable to the acquisition of the Serbian company ZBET RS d.o.o. (EUR +22.4 million) and the Ainsworth Group (EUR +20.0 million, mainly due to reversal of impairments). The amortization of licenses and concessions in Italy had the largest offsetting effect (EUR -20.6 million). Right-of-use assets increased by EUR 10.3 million to EUR 531.2 million in 2021. The majority of the increase originated from the German market, where the State Treaty on Gaming 2021 resulted in an extension of the terms of the right-of-use assets.

Current assets increased by EUR 134.4 million (+11.3 percent) and amounted to EUR 1,321.0 million in 2021. The largest increase in this item relates to trade receivables, other receivables and assets, which rose by EUR 136.4 million (+39.2 percent) to EUR 484.1 million and resulted mainly from higher business activity and the higher number of devices sold in 2021. Cash and cash equivalents rose by EUR 31.1 million (+5.9 percent) in 2021 to EUR 563.0 million. Assets held for sale decreased from EUR 18.5 million in 2020 to EUR 0.6 million in 2021 (-96.8 percent) Inventories decreased slightly by EUR 7.7 million (-3.1 percent) and amounted to EUR 244.5 million in 2021.

Equity increased by EUR 117.1 million (+11.1 percent) to EUR 1,172.3 million in 2021. This increase is mainly attributable to retained earnings, which rose by EUR 88.7 million (+10.5 percent) to EUR 932.9 million, and revaluation reserve, which increased from EUR 27.4 million to EUR 66.4 million in 2021. Non-controlling interests declined by EUR 26.0 million to EUR 142.6 million.

At EUR 1,836.7 million, non-current liabilities show a decrease of EUR 4.1 million (-0.2 percent) compared to 2020. The decrease resulted mainly from non-current financial liabilities which decreased by EUR 53.8 million (-4.6 percent) to EUR 1,113.0 million due to repayments of ÖKB financing.

Current liabilities increased by EUR 17.7 million (+1.9 percent) to EUR 935.3 million in 2021, an increase mainly attributable to current financial liabilities, due to the raising of short-term financing in March and November 2021, and to tax liabilities. Trade payables and other liabilities decreased by EUR 6.1 million to EUR 414.4 million in 2021.

## Financial Position

EUR m	2021	2020	Change absolute	Change %
EBIT	170.3	-247.3	417.6	-
Cash flow from operating activities	432.0	378.0	54.0	14.3%
Cash flow from investing activities	-166.4	-81.3	-85.0	104.6%
Free cash flow	265.6	296.6	-31.1	-10.5%
Cash flow from financing activities	-244.0	-299.2	55.2	-18.5%
Changes to cash and cash equivalents	31.1	0.7	30.4	>100.0%

Across the Group, cash flow from earnings totaled EUR 572.7 million in 2021, compared to EUR 297.2 million the previous year. Cash flow from operating activities comprises the operating profit and the result from discontinued operations, adjusted for depreciation, amortization and impairment losses and impairment reversals on fixed assets, losses and gains on the disposal of fixed assets and businesses, and other non-cash income and expenses.

Cash flow from operating activities amounted to EUR 432.0 million. The year-on-year increase of EUR 54.0 million is mainly attributable to the positive development of cash flow from earnings. Higher receivables and other assets as well as higher payments for income taxes had a compensating effect.

Cash flow from investing activities amounted to EUR -166.4 million in 2021 and was influenced in particular by investments in intangible assets and property, plant and equipment (EUR -287.9 million). These investments were higher than in the previous year (EUR -223.0 million), in particular due to the positive outlook following the end of the lockdowns and other measures. Proceeds from the sale of non-current assets (EUR +122.1 million) provided a positive effect and are partly attributable to the sale of the Novomatic Forum property.

Free cash flow is calculated as the sum of cash flows from operating activities and investing activities, and amounted to EUR 265.6 million in 2021.

Cash flow from financing activities came to EUR -244.0 million in the reporting period and resulted mainly from payments made for financial loans and financial liabilities due to the repayment of a bond in the amount of EUR 200.0 million, the repayment of EUR 63.7 million of ÖKB financing, interest paid and interest-like payments (EUR -68.4 million), and payments made for leasing obligations (EUR -121.6 million). Short-term financing in the amount of EUR 240.0 million was also raised.

#### (4) Non-Financial Performance Indicators

Regarding the reporting of the consolidated non-financial statement, reference is made to the separate, non-financial report of NOVOMATIC AG according to the Sustainability and Diversity Improvement Act (NaDiVeG).

#### (5) Prospective Development of the Group

In its latest analysis, the International Monetary Fund (IMF) assumes a global growth rate of 4.4 percent<sup>8</sup> for 2022, representing a decline of 1.5 percentage points compared to 2021 (5.9 percent). In February 2022, the Russian-Ukrainian conflict escalated. While the exact impact on economic development in 2022 cannot yet be estimated, negative effects on global economic growth are to be expected.

The beginning of the 2022 fiscal year is less impacted by the magnitude of the COVID-19 pandemic than the previous fiscal year. Only in individual markets are there regional lockdowns and restrictions, which are expected to be lifted in the course of the first quarter. The availability of vaccines and the high vaccination rate in many countries mean that expectations for 2022 are more positive than in the previous year. Nevertheless, the further development of the COVID-19 pandemic remains difficult to assess.

NOVOMATIC has always pursued a growth strategy in recent years aimed at occupying market leadership positions in large, regulated gaming markets. In the previous two years, NOVOMATIC successfully focused on consolidating existing investments and increasing synergies. In 2022, targeted investments are planned for strategic expansion in individual markets:

The sports betting software developed specially by the Austrian subsidiary Admiral Sportwetten GmbH has undergone further improvements and is now successfully used not only in Austria, but also in Germany. The software is to be rolled out in other markets before the start of the Football World Cup.

The Group continues to see growth potential for the operating segment in the Spanish market. In those regions in which the NOVOMATIC AG Group is already active, the focus in 2022 will continue to be on exploiting synergy effects and measures to improve efficiency.

The Eastern European region remains an important growth market for NOVOMATIC. With the help of ZBET RS d.o.o., which was acquired in 2021, the online sports betting sector in Serbia was given a boost, and there is further growth potential in 2022.

Changes in the gaming laws and tax conditions in the countries in which the NOVOMATIC AG Group operates have had a significant impact on NOVOMATIC's business:

In Germany, it has been permitted to offer virtual electronic gaming since July 1, 2021, when the new State Treaty on Gaming came into force. NOVOMATIC has been present in the market ever since and believes that Germany's online sector has potential for growth in the coming years.

The Italian gaming market, a core market of the NOVOMATIC AG Group, is constantly faced with legal changes and tax increases. The PREU was last increased with effect from January 1, 2021. It is not currently expected to increase further in 2022.

Following a change in the law in 2019, the reduction in minimum stakes in FOBTs (Fixed Odds Betting Terminals) triggered an exceptionally positive development for operating business in the United Kingdom. It is expected that this trend will continue in the future, thereby enabling business in NOVOMATIC UK's operating segment to continue developing positively. This creates opportunities for expansion, which is why further site openings are also planned in the 2022 fiscal year. Another promising development is seen in this year's review of gambling laws in the United Kingdom.

<sup>8</sup> According to the World Economic Outlook dated January 2022 provided by the International Monetary Fund

In 2022, the strategy of opening up the highly competitive US market will be continued. Numerous states have legalized the placing of sports bets following the repeal of PASPA (Professional and Amateur Sports Provision Act 1992). In 2022, more states are expected to implement their laws and frameworks already in place. There are also discussions in other states regarding the legalization of video gaming terminals as per the approach being taken in Illinois, following COVID-19-related delays. The gaming market in the U.S. territory of Puerto Rico was opened in 2021. NOVOMATIC sees great potential for it to successfully serve this market in 2022.

The escalation of the Russian-Ukrainian conflict in February 2022 means that the further course of business in the newly developed market of Ukraine cannot yet be estimated. The sanctions imposed on Russia and Belarus will also lead to uncertainties for the Group in these countries in 2022. There is not expected to be a significant negative impact on the Group's net assets, financial position and results of operations given the low overall exposure in these markets.

Overall, the business environment for the NOVOMATIC AG Group remains very dynamic. Taking these general conditions and developments into account, business is expected to continue to develop positively in 2022.

## **(6) Risk Management**

### **Risk Management System**

NOVOMATIC engages in extensive risk management that involves all major Group companies. The risk management system aims at systematically identifying, evaluating, controlling, monitoring and documenting material risks and risks directly jeopardizing the company's existence in order to ensure achievement of the corporate objectives and to increase risk awareness within the Group.

All risks, which are determined and analyzed systematically, are recorded within a professional, IT-based risk management system which ensures that risks, as well as the assigned management measures and control mechanisms are monitored on a permanent basis.

For continued monitoring of the risk situation and to ensure active controlling, the risks are assigned to the responsible individuals within the individual corporate areas and Group companies. It lies within the responsibilities of the risk officers to identify, document and evaluate emergent risks, define and implement measures aimed at dealing with the individual risks and to perform reassessments of the identified risks at regular, defined intervals. Central risk management supports the individual areas in a consulting function and ensures the continuous updating and further development of the risk management system.

### **Compliance**

In addition to the types of risk described below, there are also threats related to the reputation and the competitiveness of the company as a whole. As one of the basic principles of entrepreneurial activities, NOVOMATIC pays particular attention to compliance with statutory and ethical regulations.

The term "compliance" is used to describe all measures with which the company ensures that laws, regulations, and voluntary codes are adhered to. NOVOMATIC's compliance activities focus mainly on measures aimed at ensuring that national and international laws on the avoidance of criminal acts, such as corruption, market abuse, money laundering and misuse of data are adhered to.

The Group's compliance management system is based on the seven core elements of the German audit standard for compliance management systems, IDW PS 980, and pursues the goal of ensuring compliance with legal provisions and corporate values set out in the Code of Conduct of NOVOMATIC AG. In the Code of Conduct, employees find guidelines and principles for values-based and lawful behavior during day-to-day business activities. This Code of Conduct also provides the basis for training activities related to integrity and compliance. Depending on the risk and the target group, training sessions requiring personal attendance, as well as web-based training events, are held. In-house-developed e-learning tools and training measures allow a large number of employees to be educated on issues such as data protection, money laundering or the fight against corruption.

All major subsidiaries have appointed compliance officers for each country or region. The relevant duties of the local compliance managers are defined as binding in a separate Group guideline and include in particular advising the local Group subsidiaries on compliance issues, monitoring of the respective local law, training employees, implementing Group guidelines and reporting to Group Legal Compliance. This is intended to make a significant contribution to ensuring that ethical and rule-abiding behavior is sustainably anchored throughout the entire Group.

## Significant Risks and Uncertainties

The following is a detailed description of the risks and uncertainties that can have a major influence on the net assets, financial and earnings position as well as the reputation of the NOVOMATIC AG Group.

### Business and Market Risks

#### General economic conditions, M&A risks, innovation risks, and IT risks

The NOVOMATIC AG Group's business is dependent on general economic conditions. A deterioration of general economic conditions, increasing unemployment, declining real incomes and increased volatility in the capital markets could have a significant negative impact on the net assets, financial and earnings positions of the NOVOMATIC AG Group.

A central element of the NOVOMATIC AG Group's strategy is the geographic diversification of its business by entering markets that offer opportunities for growth. There is a risk that in the future, for various reasons including legal conditions, the NOVOMATIC AG Group may not or may only to a limited extent be able to pursue this strategy or may not be able to expand its product and/or service offerings.

The NOVOMATIC AG Group generates the majority of its revenues in a limited number of markets. As these are relatively well-developed markets, further growth opportunities are rather limited. The NOVOMATIC AG Group plans to expand its business activities in other markets, an effort for which corresponding resources are being deployed. There is a risk that the anticipated growth in these countries and regions will not be realized, and/or that the NOVOMATIC AG Group will not be successful in implementing its strategies there.

Generally speaking, the gaming industry is characterized by rapid technological development, which forces the NOVOMATIC AG Group to continuously develop new products and enter new markets. The NOVOMATIC AG Group's success therefore depends on its ability to continuously enhance the development of its products and systems in order to integrate new technologies and expand into new markets created by new technologies. In a highly technology-dependent field of business where new technologies are developed or used within short innovation cycles, there is a risk that NOVOMATIC may not recognize innovative technologies and developments at a sufficiently early stage.

By the same token, the integrity, reliability and operative performance of the NOVOMATIC AG Group's IT systems are essential to the business. In particular, device manipulation could force the NOVOMATIC AG Group to use considerable financial resources to remedy the situation.

The COVID-19 pandemic and the associated economic constraints continue to challenge the Group. The medium- and long-term impact of the COVID-19 pandemic cannot yet be conclusively assessed. It is possible, however, that the Group's net assets, financial position and results of operations will continue to be negatively impacted by the COVID-19 pandemic.

The NOVOMATIC AG Group is affected by supply shortages and supply delays that impact production. In addition to the effects of the pandemic, the Ukrainian-Russian conflict is also causing uncertainty in the procurement market.

## Personnel Risks

### Key Personnel Risks, Knowledge Risk

NOVOMATIC's business success comes thanks to the existing knowledge and expertise of its management and employees. Should one or several individuals in key positions leave the company, there is a risk that NOVOMATIC might not be able to recruit or train qualified individuals with comparable know-how within an appropriate period of time to deal with emerging challenges.

## Legal and Political Risks

### Political Instability, Regulatory Changes: Gaming and Other Laws, Dependency on Licenses and Competition Regulations; Intellectual Property, Privacy

The NOVOMATIC AG Group's international business entails economic, political, legal and other risks. The NOVOMATIC AG Group conducts business in more than 70 countries. Some of these countries are politically or economically unstable which subjects the NOVOMATIC AG Group to risks. Social unrest or strikes could force the NOVOMATIC AG Group to interrupt or halt its business activities.

The gaming industry is subject to particularly frequent and sudden legal amendments that can make business significantly more difficult or prohibit it entirely. Insufficient legal or administrative conditions in some countries can furthermore provide insufficient protection for the NOVOMATIC AG Group's intellectual property or other rights. In some of these countries, crime and corruption are widespread, which could have a negative impact on the NOVOMATIC AG Group's business.

The NOVOMATIC AG Group operates on the basis of currently prevailing political, economic, legal, and fiscal conditions, and is subject to the risk of changes to legal and taxation-related framework conditions. Changes which have already been adopted or other restrictions in other jurisdictions (e.g. gaming tax hikes or stricter competition laws) also have a sustained impact on the NOVOMATIC AG Group's business activities.

Gaming, and in particular online gaming, is currently not harmonized at the EU level. The individual legal frameworks of the EU Member States are, in some cases, disputed among gaming law experts. There is a risk that, in the future, additional limitations with regard to gaming and betting could be implemented at a national level. In addition to this, regulatory measures (e.g. access restrictions, stricter player protection measures, provisions for the protection of non-smokers, technical requirements, advertising bans or location requirements) could be introduced. Such measures could result in a decline in the number of visitors and the revenues earned.

There continue to be risks due to the dependence on national licenses, regulations on competition and statutory provisions regarding the operation of gaming and betting facilities as well as risks due to the dependence on production, sales and product licenses: In the countries where the NOVOMATIC AG Group does business, the operation of gaming and betting facilities requires a license, concession or other type of permission from the authorities in charge. Such licenses/concessions are usually granted for a limited period of time or in the form of license agreements with limited duration. Should no option for prolongation be provided or if an extension were only possible under economically unacceptable or untenable conditions or requirements, the NOVOMATIC AG Group would need to participate in new tender procedures in order to recover such a license/concession.

Moreover, in the countries where the NOVOMATIC AG Group does business, a permit from a state gaming authority is frequently required in order to be able to sell gaming machines and other gaming products and services. Both manufacturing and sales licenses are generally granted for a limited period of time and are subject to an audit plus subsequent certification by the competent inspecting authorities. Once licenses have been granted, they are usually extended automatically, provided that all license requirements are met. The possibility cannot be excluded that, despite the utmost care, legal provisions, regulatory requirements, technical standards or licensing conditions may not be complied with within the NOVOMATIC AG Group, which could result in the partial or complete withdrawal of a license, the determination of breaches of competition laws, or other types of damage to the NOVOMATIC AG Group's net assets, financial position and results of operation, or its reputation.

The NOVOMATIC AG Group develops, produces and sells sophisticated technological gaming equipment and systems that are to a large extent protected by industrial property rights such as trademark protection rights, patent rights and rights for the protection of registered designs as well as copyright. There is a risk in respect of intellectual property (third parties violating industrial property rights or copyrights belonging to the NOVOMATIC AG Group as well as of the NOVOMATIC AG Group violating the industrial property rights or copyrights of third parties). In particular, there is a risk that developments owned by the NOVOMATIC AG Group might be copied and illegally used or introduced to the market by third parties.

The NOVOMATIC AG Group is subject to the risk of being unable to sufficiently protect its customer data. The NOVOMATIC AG Group holds information about its customers which is in part sensitive (name, address, age, bank data and gaming tendencies) and must follow the strict data protection rules stipulated by the EU and other jurisdictions. Despite the security systems implemented by the NOVOMATIC AG Group, there is the risk that customer data could be retrieved and/or used illegally, either by employees or by customers or third parties. There is also the risk that customer data might be deleted, disclosed or edited involuntarily or in violation of data protection regulations. Should the NOVOMATIC AG Group or one of its external service providers transmit customer data without sufficient protection, or should confidential customer data be lost in any other way, the NOVOMATIC Group might be held liable under data protection laws, which would also damage the Group's reputation.

The Russian attack on Ukraine, which began in February 2022, calls into question positive sales developments in these markets in the short term. Medium- and long-term effects of this conflict cannot yet be conclusively assessed. At the present time, there is no indication of a negative impact on the Group's net assets, financial position and results of operations due to the low overall exposure in these markets. The additionally imposed sanctions/embargoes against Russia and Belarus due to the crisis in Ukraine, as well as potential extensions or countermeasures thereof, could also have a negative impact on the companies of the NOVOMATIC AG Group based in the affected countries and their business partners or on the cooperation with them.

## **Financial Risks**

### **Liquidity Risks, Counterparty Risks, Interest Rate Risks, Currency Risks, Impairment Risks in Connection with Investment Valuations and Risks in Connection with Capital Investments**

The NOVOMATIC AG Group is subject to financial risks in the form of capital risks, liquidity risks, counterparty risks, interest rate risks, currency risks, impairment risks related to investment valuations and risks related to capital investments. In order to limit these risks, NOVOMATIC makes use of risk-control measures and financial instruments, if necessary.

Extensive descriptions of the individual risks, including the methods used to hedge the risks mentioned above, are provided in the notes to the consolidated financial statement.

Due to its contractually agreed financial covenants, the NOVOMATIC AG Group is required in its major financing agreements to maintain an equity ratio of at least 15.0 percent and net debt in relation to the EBITDA of not more than 4.625x. The financing agreements provide for certain adjustments to the above standard calculation when determining these two ratios. Taking into account this adjusted calculation, the NOVOMATIC AG Group has complied with the contractually agreed financial covenants as of December 31, 2021.

Due to the COVID-19 pandemic, which has been ongoing since March 2020, and the resulting decline in earnings, an adjustment of the net debt to EBITDA key financial performance indicator was agreed with the lenders in February 2021 for the main financing agreements of NOVOMATIC AG up to and including June 29, 2022 (waiver). These financial KPIs are linked to various economic consequences, ranging from interest rate terms to lender termination rights. As part of this financing, a maximum level of 7.0x was agreed for the net debt-to-EBITDA key financial performance indicator for the test dates of December 31, 2020, June 30, 2021, and December 31, 2021, and compliance with the key figure at any time between the test dates was completely suspended. The equity ratio was left unchanged by the waiver at a minimum of 15 percent. Each lender gave its consent to the required contract amendments, resulting in a 100 percent lender consent rate.

## **(7) Important Features of the Internal Control System Relevant to the Financial Reporting Process (section 243a (2) UGB)**

As part of the Company's risk management system, the aim of the internal control system (ICS) is to ensure the reliability of financial reporting along with compliance with legal and internal requirements.

NOVOMATIC AG's Executive Board is responsible for the establishment of an appropriate ICS concerning the accounting process.

Starting with the main financial items on the balance sheet and income statement, the ICS must consider the most important transaction flows in terms of their risks. The ICS is managed in a structured way in line with the areas of responsibility as defined by the organizational structure. Internal rules and procedural guidelines are also an essential part of the control environment.

In order to avoid material misstatements when presenting transactions, any identified risks are analyzed and assessed with a view to introducing meaningful and effective control mechanisms to ensure accuracy in the ongoing accounting process. As part of the activities involved in preparing the annual report, additional targeted risk analyses are carried out to ensure that accounts are closed properly and carefully.

In accordance with the transaction flows defined as significant, which then are ultimately included in the finance division's financial reports, workflows are analyzed with regard to their inherent risks and corresponding control activities are defined. The aim of this procedural approach is to ensure that the individual transactions are correctly recorded in the annual financial statement. The various controls of varying degrees and intervals comprise automated controls in the accounting software on the one hand and manual controls by employees in accounting and the departments upstream of the accounting process on the other. The accounting department carries out extensive plausibility and data quality checks, among other things, to ensure that data destined for the annual report is correctly recorded. The accounting department also draws on the support of external service providers for some matters that require specialized knowledge, such as the valuation of pension obligations and entitlements to severance pay. Any changes in accounting and valuation policies are reviewed to ensure that they are in compliance with the law.

For the accounting-related IT system, access privileges have been defined to ensure that sensitive data is protected from unauthorized access, use and modification.

The Executive Board of NOVOMATIC AG keeps abreast of relevant developments in the Company through regular reports prepared by the financial department. This includes, above all, the current earnings development as well as any major deviation from the approved annual budget detected, the calculation of the cash flow and the calculation of result- and value-oriented key figures.

The Supervisory Board of NOVOMATIC AG is also included in the control system via the auditing committee. The auditing committee's main responsibilities include monitoring the accounting process, monitoring the internal control and risk management system, monitoring the audit of the financial statement and critically appraising the audited financial statement as well as the management report.

## **(8) Research and development**

Thanks to 30 technology centers in 15 different countries, the NOVOMATIC AG Group is a pioneer in the development of innovative products and systems solutions in the area of gaming. The Group's development activities focus both on "Distributed Gaming Solutions" and on gaming content and application software. The software system solutions developed include in particular management information systems, ticketing and smartcard systems, access systems, video lottery systems, biometric player recognition, links to government regulators, player protection programs, gaming as a service, online and mobile gaming system solutions, and jackpot systems such as the CASH CONNECTION™ jackpot for Europe as well as multiplayer and community gaming systems. Both modular software architecture and interoperability of the various developments are crucially important.

Open platform architecture as well as development teams specializing in a variety of individual market segments guarantee that corporate development activities are suitable for both homogeneous markets and market niches. In addition, the open platform infrastructure allows for the integration of third-party providers and their gaming applications as a means of satisfying market needs in a better and faster manner.

In developing the newest generation of cabinet variants and models, which start new industry trends, industrial design is an important factor. Innovation in terms of hardware includes new and ergonomic cabinet designs for casino, video lottery and AWP gaming markets with possible control of up to five monitors, skill-based roulette terminals with state-of-the-art ball release mechanisms, the new PANTHERA™ cabinet as well as V.I.P. terminals with giant screen technology and dynamic lighting effects based on single LED technology.

Linked Progressive Jackpots are another addition to the games on offer, as shown in the USA, for example, where the new MONEY PARTY™ jackpot family was successfully established. The follow-up mix has also already been rolled out for Europe with CASH CONNECTION™ Edition 2. The company also launched the Gaminator® MY CASH Edition 1 for Coolfire™ platform.

Development is supported by hardware and software development teams in Austria, Germany, the United Kingdom, Spain, the Netherlands, Serbia, Russia, Argentina, Canada, and Poland, working either in-house or closely with the Group, as well as by exclusive partnerships with developers in Slovenia, Greece, the USA, and Australia.

The global importance of intellectual property protection is on the rise. The company had more than 4,200 registered IP trademark rights at the end of 2021 and usually more than 100 applications are added each year. The Group is constantly developing new products and product variations, resulting in over 200 new gaming variants per year. With the help of the NOVOMATIC software development kit (NSDK), it is possible to add games developed by third parties (who use this SDK) to the portfolio immediately. NOVOMATIC's extensive gaming portfolio is also growing steadily thanks to the fact that many companies around the world are now using the NSDK.

## (9) Acknowledgments

We would like to thank all employees of the NOVOMATIC AG Group for their strong commitment, with which they have made a major contribution to the company's further development and success. We are especially indebted to the Supervisory Board under the leadership of Dr. Bernd Oswald, and we would also like to acknowledge the positive relationships with our capital providers and business partners, relationships which have always been characterized by a good collaboration.

Gumpoldskirchen, March 23, 2022

**Ryszard Presch**  
Executive Board

**Johannes Gratzl**  
Executive Board

## Consolidated Balance Sheet as of December 31, 2021

EUR m	Notes	12/31/2021	12/31/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	(7.1, 7.4)	775.0	760.5
Right-of-use assets	(7.2, 7.4)	531.2	520.9
Property, plant and equipment	(7.3, 7.4)	825.9	888.5
Investment property	(7.5)	25.9	25.9
Investments in associated companies	(7.6)	2.8	2.2
Financial assets	(7.7)	223.6	177.7
Deferred tax assets	(7.8)	141.8	139.5
Other non-current assets	(7.9)	97.2	111.8
		<b>2,623.3</b>	<b>2,627.0</b>
<b>Current assets</b>			
Inventories	(7.10)	244.5	252.2
Trade receivables, other receivables and assets	(7.11)	484.1	347.7
Current tax receivables	(7.8)	15.8	18.8
Current financial assets	(7.12)	13.0	17.5
Cash and cash equivalents	(7.13)	563.0	531.8
Non-current assets and disposal groups held for sale	(8.17)	0.6	18.5
		<b>1,321.0</b>	<b>1,186.6</b>
<b>Total ASSETS</b>		<b>3,944.3</b>	<b>3,813.6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	(7.14)	26.6	26.6
Capital reserve	(7.15)	85.4	85.4
Retained earnings	(7.16)	932.9	844.3
Revaluation reserve	(7.17)	66.4	27.4
Currency translation adjustment	(7.18)	-81.6	-97.0
		1,029.7	886.6
Non-controlling interests	(7.19)	142.6	168.5
		<b>1,172.3</b>	<b>1,055.2</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	(7.20)	1,113.0	1,166.8
Non-current lease liabilities	(7.21)	504.1	477.3
Non-current provisions	(7.22)	74.6	77.4
Deferred tax liabilities	(7.8)	122.9	102.8
Other non-current liabilities	(7.23)	22.1	16.6
		<b>1,836.7</b>	<b>1,840.8</b>
<b>Current liabilities</b>			
Current financial liabilities	(7.24)	321.5	306.1
Current lease liabilities	(7.25)	109.0	112.6
Current provisions	(7.26)	53.5	46.7
Current tax liabilities	(7.8)	37.0	31.7
Trade payables and other liabilities	(7.27)	414.4	420.5
		<b>935.3</b>	<b>917.7</b>
<b>Total EQUITY AND LIABILITIES</b>		<b>3,944.3</b>	<b>3,813.6</b>

## Consolidated Income Statement for the 2021 Fiscal Year

EUR m	Notes	2021	2020
Revenues	(8.1)	1,842.3	1,743.6
Gaming taxes and betting fees	(8.2)	-208.3	-214.8
<b>Revenues less gaming taxes and betting fees</b>		<b>1,633.9</b>	<b>1,528.7</b>
Changes in inventories of finished goods and work in progress	(8.3)	-28.0	0.1
Own work capitalized	(8.3)	73.8	73.0
Other operating income	(8.4)	247.6	76.9
Cost of material and other purchased services	(8.5)	-189.5	-180.6
Personnel costs	(8.6)	-608.2	-606.9
Amortization, depreciation, impairment and reversal of impairment for intangible assets, property, plant and equipment, and investment property	(8.7)	-285.0	-389.3
Amortization, depreciation, impairment and reversal of impairment for right-of-use assets	(8.8)	-132.2	-163.9
Other operating expenses	(8.9)	-542.1	-585.3
<b>Operating profit</b>		<b>170.3</b>	<b>-247.3</b>
Share of profit/loss of associated companies		0.6	0.3
Interest income	(8.10)	6.8	7.1
Other financial income	(8.11)	17.0	27.5
Interest expenses	(8.12)	-30.5	-26.1
Interest expenses for leases	(8.13)	-25.1	-23.0
Other financial expenses	(8.14)	-14.2	-11.6
Currency exchange gains/losses from intra-group financing	(8.15)	4.0	-5.8
<b>Financial result</b>		<b>-41.3</b>	<b>-31.7</b>
<b>Earnings before taxes</b>		<b>129.0</b>	<b>-279.0</b>
Income taxes	(8.16)	-64.1	14.3
<b>Net result from continued operations</b>		<b>64.9</b>	<b>-264.7</b>
Result from discontinued operations	(8.17)	0.0	2.0
<b>Annual result</b>		<b>64.9</b>	<b>-262.8</b>
thereof attributable to non-controlling interests		-0.7	-35.0
thereof attributable to shareholders of the parent (net profit)		65.7	-227.8

## Consolidated Statement of Comprehensive Income for the 2021 Fiscal Year

EUR m	Notes	2021	2020
<b>Annual result</b>		<b>64.9</b>	<b>-262.8</b>
Amounts that will be reclassified to income statement in subsequent periods			
Currency translation	(7.18, 7.19)	18.8	-30.9
Amounts that will not be reclassified to income statement in subsequent periods			
Remeasurement of the net defined benefit liability	(7.16)	0.1	-0.3
Apportionable income taxes		0.0	0.1
Financial assets measured at fair value through other comprehensive income (equity instruments)		43.0	-2.1
Apportionable income taxes		-10.7	5.3
<b>Other comprehensive income after taxes</b>		<b>51.1</b>	<b>-27.9</b>
<b>Total comprehensive income</b>		<b>116.1</b>	<b>-290.7</b>
thereof attributable to non-controlling interests		2.7	-37.8
thereof attributable to shareholders of the parent (net profit)		113.4	-252.9

## Consolidated Cash Flow Statement for the 2021 Fiscal Year

EUR m	Notes	2021	2020
<b>Operating profit</b>		<b>170.3</b>	<b>-247.3</b>
<b>Result from discontinued operations</b>		<b>0.0</b>	<b>2.0</b>
		<b>170.3</b>	<b>-245.3</b>
Loss (+) / Gain (-) from the disposal of fixed assets		-14.6	-5.3
Depreciation (+) / Appreciation (-) of fixed assets		416.8	553.1
Loss (+) / Gain (-) from the disposal of companies and other non-cash income and expenses		0.2	-5.2
		<b>572.7</b>	<b>297.2</b>
Increase (-) / Decrease (+) in inventories		10.1	2.7
Increase (-) / Decrease (+) in receivables and other assets		-114.5	84.8
Increase (+) / Decrease (-) in provisions		3.1	-8.2
Increase (+) / Decrease (-) in liabilities and other liabilities		2.1	-2.4
Interest received and interest-related income		9.9	13.2
Taxes paid		-51.5	-9.2
<b>Cash flow from operating activities</b>		<b>432.0</b>	<b>378.0</b>
Proceeds from the disposal of fixed assets (excluding financial assets)		76.8	52.9
Proceeds from the disposal/repayment of financial assets		4.2	110.8
Proceeds from the disposal of consolidated companies, net of cash		1.6	12.9
Acquisition of intangible assets, property, plant and equipment		-242.7	-223.0
Acquisition of financial assets and other financial investments		-6.1	-3.8
Acquisition of consolidated companies, net of cash (incl. prepayments)		-11.9	-52.0
Results from associated companies and investments		11.6	21.0
<b>Cash flow from investing activities</b>		<b>-166.4</b>	<b>-81.3</b>
Dividend payments		-0.8	-55.9
Proceeds from shareholders (non-controlling interests)		1.5	0.0
Expenditures for change in interests in subsidiaries (without change of control)		-13.2	-1.7
Payouts from the repayment of bonds		-200.0	0.0
Proceeds from bank loans and financial liabilities		252.0	321.6
Payouts from bank loans and financial liabilities		-93.5	-390.2
Payouts from leasing obligations		-121.6	-118.5
Interest paid and interest-related payments		-68.4	-54.6
<b>Cash flow from financing activities</b>		<b>-244.0</b>	<b>-299.2</b>
<b>Net change in cash and cash equivalents</b>		<b>21.6</b>	<b>-2.6</b>
Currency translation adjustments		7.2	2.7
Changes in cash and cash equivalents due to changes in scope of consolidation		2.3	0.6
<b>Net change in cash and cash equivalents</b>		<b>31.1</b>	<b>0.7</b>
Cash and cash equivalents at the beginning of the period	(7.13, 9)	531.8	531.1
Cash and cash equivalents at the end of the period	(7.13, 9)	563.0	531.8
<b>Net change in cash and cash equivalents</b>		<b>31.1</b>	<b>0.7</b>

## Consolidated Statement of Changes in Equity for the 2021 Fiscal Year

EUR m	Shares of shareholders of NOVOMATIC AG					Total	Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	IFRS Reserve	Currency translation adjustment			
<b>As of 1/1/2021</b>	<b>26.6</b>	<b>85.4</b>	<b>844.3</b>	<b>27.4</b>	<b>-97.0</b>	<b>886.6</b>	<b>168.5</b>	<b>1,055.2</b>
1) Total comprehensive income								
Annual result	0.0	0.0	65.7	0.0	0.0	65.7	-0.7	64.9
Other comprehensive income	0.0	0.0	-6.6	39.0	15.4	47.8	3.4	51.1
2) Dividend payments	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	-0.8
3) Change in non-controlling interests	0.0	0.0	29.8	0.0	0.0	29.8	-32.6	-2.8
4) Changes in the scope of consolidation	0.0	0.0	-0.1	0.0	0.0	-0.2	3.3	3.1
5) Capital Increase	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
<b>As of 12/31/2021</b>	<b>26.6</b>	<b>85.4</b>	<b>932.9</b>	<b>66.4</b>	<b>-81.6</b>	<b>1,029.7</b>	<b>142.6</b>	<b>1,172.3</b>

EUR m	Shares of shareholders of NOVOMATIC AG					Total	Non-controlling interests	Equity
	Share capital	Capital reserve	Retained earnings	IFRS Reserve	Currency translation adjustment			
<b>As of 1/1/2020</b>	<b>26.6</b>	<b>85.4</b>	<b>1,103.5</b>	<b>43.3</b>	<b>-70.0</b>	<b>1,188.8</b>	<b>211.3</b>	<b>1,400.1</b>
1) Total comprehensive income								
Annual result	0.0	0.0	-227.8	0.0	0.0	-227.8	-35.0	-262.8
Other comprehensive income	0.0	0.0	18.9	-15.9	-28.1	-25.1	-2.8	-27.9
2) Dividend payments	0.0	0.0	-50.0	0.0	0.0	-50.0	-5.9	-55.9
3) Change in non-controlling interests	0.0	0.0	-0.4	0.0	0.0	-0.4	1.6	1.1
4) Changes in the scope of consolidation	0.0	0.0	-1.8	0.0	1.0	-0.8	-0.7	-1.5
5) Obligation from written put-options over non-controlling interests	0.0	0.0	1.9	0.0	0.0	1.9	0.0	1.9
<b>As of 12/31/2020</b>	<b>26.6</b>	<b>85.4</b>	<b>844.3</b>	<b>27.4</b>	<b>-97.0</b>	<b>886.6</b>	<b>168.5</b>	<b>1,055.2</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

as of December 31, 2021

## (1) Information about the Company

The NOVOMATIC-Group consists of NOVOMATIC AG and its subsidiaries. NOVOMATIC AG is a public limited company according to Austrian legislation and its registered office is in Gumpoldskirchen, Austria. The company's address is NOVOMATIC AG, Wiener Strasse 158, 2352 Gumpoldskirchen. The company is filed with the Register of Companies maintained by the Regional Court of Wiener Neustadt under FN 69548 b.

NOVOMATIC is a globally operating, integrated gaming technology and entertainment group with over 40 years of experience as a producer of innovative high-tech gaming equipment. The Group develops, manufactures and sells gaming products, lottery technologies and networked system solutions for domestic and international gaming and betting markets. NOVOMATIC furthermore operates around 2,000 gaming facilities, which include casinos, slot arcades, sports betting outlets and bingo facilities.

In addition to the development of terrestrial gaming equipment, the NOVOMATIC AG Group's business activity also covers the development of games for licensed online and offline suppliers and as an operator of online gaming and sports betting platforms.

The NOVOMATIC Group is aware of its considerable social responsibility and pursues business activities only in markets with a clearly defined legal framework.

## (2) Accounting Principles

The present consolidated financial statement as of December 31, 2021 was prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU). The requirements of section 245a para 1 of the Austrian Commercial Code have likewise been fulfilled.

The fiscal year corresponds to the calendar year. The financial statements of every fully consolidated domestic or foreign company included in the Consolidated Financial Statement for 2021 were prepared as of the balance sheet date of the consolidated financial statements. Consequently, a subgroup with a different regular balance sheet date has prepared interim financial statements for consolidation purposes as of the balance sheet date of the Consolidated Financial Statement.

The Consolidated Financial Statement is prepared in euros. For the purpose of clarity, all items in the consolidated financial statements are shown in millions of euros (EUR m). Due to the financial rounding of individual values and percentages, insignificant discrepancies may arise.

### (3) Scope of Consolidation

This Consolidated Financial Statement covers NOVOMATIC AG and the companies that it controls. The control over a subsidiary is assumed if NOVOMATIC AG can exercise control over the associated company either directly or indirectly, is exposed to fluctuating returns on its investment, and can influence returns in terms of their size due to the power to control. Subsidiaries are fully consolidated from the acquisition date, i.e. the date on which the Group gains control over the company. Inclusion in the consolidated financial statements ends when the parent no longer exercises control over the subsidiary.

The equity method is applied for companies that are significantly influenced – but cannot be considered to be controlled – by NOVOMATIC AG.

Affiliated companies, whose influence on the net assets, financial and earnings position of the Group is marginal, are not included in the scope of the fully consolidated companies but are shown as financial assets.

The scope of consolidation has developed as follows:

Scope of consolidation	fully-consolidated	valued at-equity
As of 1/1/2021	189	3
First-time inclusion in 2021	16	0
Disposed of in 2021	-4	-1
Merged in 2021	-5	0
As of 12/31/2021	196	2
of which non-Austrian companies	182	1

A summary of fully consolidated subsidiaries, companies consolidated using the equity method, and non-consolidated affiliated companies can be found under other disclosures.

During 2021, the Group consolidated the following subsidiaries:

- AbZorba Games, I.K.E., Greece
- Admiral Extremadura S.L., Spain
- ADMIRAL ONLINE S.R.L., Romania
- ADMIRALBET SPAIN, S.A., Spain
- ADMIRALBET SPAIN II S.L., Spain
- ADRIA GAMING d.o.o. Belgrade, Serbia
- AMUSYS Production Sp.z o.o., Poland
- Blubet Holding Ltd, Malta
- Blubet Operations Ltd, Malta
- CAPECOD SOLUTIONS S.R.L., Italy
- Greentube Luxembourg S.á r.l., Luxembourg
- Greentube Netherlands B.V., Netherlands
- GREENTUBE TECHNOLOGIES RS d.o.o. Belgrade, Serbia
- Greentube USA LLC, USA
- NOVOMATIC Sports Betting Solutions GmbH, Austria
- ZBET.RS d.o.o. Kragujevac, Serbia

## (4) Accounting and Valuation Methods

### Standards and Interpretations to be Applied for the First Time in the 2021 Fiscal Year

The following new or revised standards and interpretations were adopted by EU legislation and implemented for the first time in financial year 2021:

Standard / Interpretation	
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Amendment: Interest Rate Benchmark Reform – Phase 2
IFRS 4	Amendment: Extension of the temporary exemption from the application of IFRS 9
IFRS 16	Amendment: Lease concessions related to the COVID-19 pandemic

The amendments that took effect had no significant impact on the Consolidated Financial Statement.

### Standards and Interpretations Already Published, but only to be Applied in Future Periods

At the date upon which this financial statement was authorized for publication, the following standards and interpretations relevant to the NOVOMATIC- Group were already published but not yet mandatory and were not voluntarily applied in advance:

Standard / Interpretation		Must be applied in fiscal years from
IFRS 3	Amendment: Reference to the Conceptual Framework	1. January 2022
IAS 37	Amendment: Onerous contracts - costs of fulfilling a contract	1. January 2022
IAS 16	Amendment: Property, plant and equipment - proceeds before intended use	1. January 2022
Diverse	Annual Improvements to IFRS Standards - 2018-2020 Cycle	1. January 2022
IAS 1	Amendment: Disclosure of accounting policies	1. January 2023
IAS 8	Amendment: Definition of accounting estimates	1. January 2023

The introduction and implementation of the aforementioned standards and interpretations in the NOVOMATIC Group is intended from the time of mandatory application taking into account any potential exemptions. These new or amended standards are not expected to have any (material) effects on the Group.

### Consolidation Procedures

First-time consolidation of acquired companies is carried out according to the purchase method at the date of acquisition. The consideration transferred in the case of a business combination is measured at its fair value, which is an aggregate of the fair values of the assets acquired and liabilities taken over from the former owner of the acquired company at the date of acquisition in exchange for control of the company. The contingent consideration is treated as part of the transferred consideration and is measured at its fair value at the date of acquisition. If the business combination is achieved in stages, the previously held interest in the acquired entity is revalued at the fair value prevailing at the acquisition date and the resulting profit or loss is recognized in the Consolidated Profit and Loss Account. Additional acquisition costs are directly recognized as expense.

The acquired identifiable assets and liabilities taken over are measured at their fair value at the date of acquisition, unless exceptions thereto exist. In accordance with IFRS 3, any excess of the consideration transferred over the fair values of the identifiable net assets acquired is recognized as goodwill. If the consideration transferred is below the identifiable net assets, the difference is recognized against income after a reevaluation of the acquired net assets.

Non-controlling interests are valued initially at either their respective share of the identifiable net assets or their fair value. During the subsequent accounting, the profit/loss of the subsidiary is attributed proportionally to the non-controlling interests, even if this results in a negative balance. The presentation is within the equity and is separate from the equity attributable to the shareholders of NOVOMATIC AG.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal.

Changes in interests in subsidiaries without loss of control are recognized as equity transactions.

The results, as well as the assets and liabilities of associated companies, are included using the equity method. Investments in associated companies are recognized on the balance sheet at acquisition costs, adjusted by post-acquisition changes of the Group's share of net assets, as well as by losses resulting from impairment. Losses exceeding the Group's share of the associated company are not taken into account.

All insignificant intercompany receivables, liabilities, expenses and earnings, as well as intragroup profits, are eliminated.

#### **Foreign Currency Translation**

Foreign currency transactions are presented in the functional currency by applying the exchange rate between the functional currency and the foreign currency at the time of the transaction. Exchange rate differences from the payment of monetary items at conversion rates that deviate from those initially recognized are recognized immediately in profit or loss.

Foreign fully consolidated subsidiaries are considered as independent companies because they are financially, economically and organizationally independent. Their functional currencies are usually the respective national currencies. Apart from the positions within equity, all balance sheet items are translated into the reporting currency at the exchange rate prevailing on December 31, 2021. Income and expense items of foreign consolidated companies are translated at average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income. Upon the elimination of a foreign company from the consolidation scope, the exchange difference is recognized in profit or loss.

The exchange rates used for the currency translation developed as follows:

Equivalent amount = EUR 1	Exchange rate prevailing at balance sheet date		Average exchange rate for the year	
	31.12.2021	31.12.2020	2021	2020
Australian Dollar	1.5647	1.5886	1.5747	1.6549
British Pounds	0.8413	0.8956	0.8599	0.8891
Mazedonian Denar	61.6150	61.6150	61.6127	61.6349
Peruvian New Sol	4.5175	4.4461	4.5866	3.9888
Romanian Lei	4.9487	4.8683	4.9209	4.8377
Serbian Dinar	117.5790	117.5340	117.5747	117.5772
US Dollar	1.1386	1.2225	1.1832	1.1413

### Intangible Assets and Goodwill

Acquired intangible assets are capitalized at acquisition costs and amortized on a scheduled straight-line basis according to their economic useful life or contract period. Internally generated intangible assets are capitalized at production costs if the criteria for inclusion are met and amortized on a scheduled straight-line basis according to their economic useful life.

Trademarks and licenses can have indefinite useful lives. The assessment of intangible assets with an indefinite useful life is reviewed once a year to decide if the assumption of an indefinite useful life is still justified. If this is not the case, the assumption of an indefinite useful life is changed prospectively to a limited useful life.

For intangible assets with an indefinite useful life, an impairment test is carried out at least annually or, in cases where indications of impairment arise, also during the year. Impairment is given if the recoverable amount is lower than the carrying amount. The recoverable amount is the higher value of the fair value and the value-in-use. Impairment is recognized in the year during which the event causing the impairment arises. Where an impairment loss subsequently reverses, the assets are written up.

In the case of business combinations, any excess of the consideration transferred over the fair values of the identifiable net assets acquired is shown as goodwill and allocated to cash-generating units for the purpose of an impairment test. The allocation to cash-generating units or groups of cash-generating units is carried out on the identified business segments that are expected to profit from it. The carrying amounts of the goodwill are subject to an impairment test annually as of September 30 (exception: Ainsworth Game Technology Ltd., Australia, as of December 31), or if there is any indication of impairment. The carrying amount is compared to the recoverable amount for the cash-generating unit to which it is allocated. An impairment loss is recognized immediately as an expense. An impairment loss recognized for goodwill may not be reversed in future periods.

The estimated useful lives for intangible assets and goodwill are:

	Useful life in years	
	from	to
Goodwill		Indefinite
Trademarks and patents	3	20 or indefinite
Licenses and concessions	5	20 or indefinite
Customer relationships	3	20
Development and software	3	10
Other intangible assets	3	10

### Right-of-Use Assets and Leases

In the NOVOMATIC Group, it is determined at the start of a contract as to whether it constitutes or contains a lease.

If it is a lease, a right-of-use is capitalized and a lease liability is recognized at the start of use. The amount of the right-of-use corresponds to the amount of the lease liability when the contract is recorded for the first time, adjusted for any initial direct costs of the lessee, prepayments, lease incentives or dismantling obligations, among other things.

The carrying amount of the lease liability is determined by discounting the lease payments agreed during the term of the lease, expected payments from residual value guarantees issued, the exercise prices of purchase options (if it is reasonably certain that they will be exercised), and any payments as a result of a premature termination of the lease (if the premature termination is reasonably certain). The agreed lease payments include all fixed and semi-fixed payments as well as variable payments which are linked to an index or a rate. The lease is discounted using the underlying interest rate, to the extent that this can be determined without any further effort. In all other cases, the incremental borrowing rate is used for discounting.

When being remeasured, right-of-use assets are depreciated to the end of the useful life of the assets or the end of the lease term, and adjusted to reflect any impairment loss identified. With regard to impairment tests in cases where the corresponding indications arise, reference to the above remarks will be made.

The lease liability is subsequently measured and updated using the effective interest method.

In the event of lease modifications and a reassessment of certain parameters relevant to measurement (such as the term of the lease or the lease payments), the lease liability is generally remeasured and, as a rule, the carrying amount of the right-of-use asset is adjusted without affecting income.

### Property, plant, and equipment

Property, plant and equipment are stated on the balance sheet at acquisition or production costs less the scheduled straight-line depreciation and amortization. Depreciation of property, plant and equipment begins when they are ready for use. For the determination of the estimated useful life of property, plant and equipment, their expected economic life is taken into account. With regard to impairment tests in cases where the corresponding indications arise, reference to the above remarks will be made.

The estimated useful lives for property, plant and equipment are:

	Useful life in years	
	from	to
Buildings	20	50
Investments in rented property	10	20
Plant and machinery	3	10
Gaming machines	3	7
Factory and office equipment	3	10

### Investment property

Investment property denotes land and buildings held but not used in business operations. They are stated at amortized cost. Buildings are written off over their estimated useful lives of 25 to 50 years using the straight-line method.

### Inventories

Inventories are stated at acquisition or production cost, or at the lower net realizable value. Costs of raw materials and supplies are calculated using the weighted average price method. Aside from individual manufacturing and material costs, finished and unfinished goods contain reasonable shares of material and production overheads. Inventories are reviewed for slow movement or obsolete items and, if necessary, appropriate adjustments are made. Advance payments concerning inventory are related to advance payments for deliveries.

### Other Assets

Precious metals (gold) are valued and recognized in accordance with the current market value. Due to the high liquidity and volatility, a measurement at fair value is usual and considered the most suitable valuation method.

### Assets Held for Sale and Sale Groups

Non-current assets and sale groups classified as held for sale are measured at the lower amount of their original book value and the fair value minus the cost of sale. In the event that the Group has agreed on a sale that will result in the loss of control over a subsidiary, all asset positions and debts from said subsidiary will be classified as held for sale.

## Financial Instruments

A financial instrument is a contract that is simultaneously recognized by one entity as a financial asset and by that entity's counterparty as a financial liability or an equity instrument. The recognition of the financial instrument in the balance sheet occurs only when the Group is a party to the contract.

Upon first-time recognition, a financial asset or liability is classified as follows:

- Financial Asset Recognized at Amortized Cost
- Financial Assets Measured At Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial Asset at Fair Value through Profit or Loss (FVTPL)
- Financial Liabilities Recognized at Amortized Cost
- Financial Liabilities Measured at Fair Value through Profit or Loss

### Financial Asset Recognized at Amortized Cost

A financial asset is measured at amortized cost if it is held as part of a business model, the objective of which is to hold financial assets in order to collect the contractual cash flows and the contractual terms of the financial asset result in cash flows at specified points in time that represent only principal and interest payments on the outstanding capital amount. This applies above all to receivables, loans, and bank balances.

### Financial Assets Measured at Fair Value through Other Comprehensive Income

If, on the other hand, the financial asset is held within the framework of a business model, the objective of which is both the receipt of the contractual cash flows and the sale of financial assets, it is measured at fair value through other comprehensive income (FVTOCI).

### Financial Assets Measured at Fair Value through Profit or Loss

Derivatives, equity instruments (except when the FVTOCI option is exercised) and investment fund units are measured at fair value through profit or loss.

### Financial liabilities recognized at amortized cost

Financial liabilities, which include bonds, borrowings from banks, lease liabilities, and other liabilities, are carried at amortized cost. Non-current liabilities are discounted using the effective interest method, with the interest expense, calculated in accordance with the effective interest rate, recognized in profit or loss. Foreign currency liabilities are valued using the prevailing rates on the balance sheet date and the resulting currency translation differences are recognized in profit or loss.

### Financial Liabilities Measured at Fair Value through Profit or Loss

A financial liability is measured at fair value through profit or loss when it is classified as a derivative or contingent consideration from company acquisitions.

The Group uses derivatives as hedging instruments against interest and currency risks in the operating business. These derivatives are valued at fair value on the basis of generally accepted financial mathematical models. Derivatives are recognized as assets when their fair value is positive, and as liabilities when their fair value is negative.

For the initial recognition of contingent considerations in a business combination, the facts and circumstances surrounding the contingent consideration that existed at the time of acquisition are disclosed. Subsequent valuation is measured at fair value through profit or loss.

#### **Impairment of Financial Assets**

Impairment losses on financial assets measured at amortized cost or at fair value through other comprehensive income are recognized using the expected credit loss model. The expected credit losses (ECL) are defined as the difference between all contractual payments due to an entity under the contract and all payments expected to be received by the entity.

The expected credit losses are recorded in several stages. For financial assets with a low credit risk at the balance sheet date and financial assets whose credit risk has not increased significantly since first-time recognition, the impairment loss is measured on the basis of the expected twelve-month credit loss (Level 1). The twelve-month credit loss is the credit loss resulting from default events possible within the next twelve months. A low credit risk is assumed if there is an external rating in the investment grade range or if an internal rating corresponds to an external rating in this range.

If there is a significant increase in credit risk since first-time recognition an impairment loss in the amount of the expected credit loss over the term is required (Level 2). A significant increase in credit risk is assumed if the financial asset is more than 30 days overdue.

The expected credit losses on loans, bank balances and other debt instruments are determined methodically using probabilities of default that depend on the rating category. For the items affected, however, the expected credit losses thus determined are of minor significance.

In addition, an assessment is made at each balance sheet date as to whether there is objective evidence of impairment of a financial asset (Level 3). This is the case, for example, when the issuer or borrower has significant financial difficulty or when the financial asset is 90 days overdue.

For trade receivables and contract assets from customer contracts, the simplified impairment model is applied by taking into account expected losses over the entire term. For these receivables and assets, an impairment loss is recognized in the amount of the expected credit losses over the term of the receivable using an impairment loss table. Forward-looking information is also evaluated and, if necessary, the failure rates used are adjusted.

#### **Recognition and Derecognition**

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. Recognition and derecognition are booked at the trading date.

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all significant risks and rewards associated with ownership of the asset to another entity.

The Group derecognizes a financial liability when the Group's obligations related to that financial liability have been discharged or cancelled, or have expired.

## Provisions

Provisions for pensions or similar obligations, as well as provisions for severance and jubilee payments, are measured according to the regulations of IAS 19 using the projected unit credit method. The costs of the estimated benefit entitlements are allocated over the whole period of employment. Future increases in remuneration are taken into account. Actuarial gains and losses concerning provisions for severance payments and pensions are recognized in other comprehensive income or charged against income when it comes to jubilee payments. Past service costs are recognized as an expense at the time of plan adjustment. Provisions correspond to the present value of the obligations (DBO). The accrued amounts are based on the expert opinion of qualified actuaries as of the respective balance sheet date.

Other provisions are stated at the amount necessary to cover uncertain payment obligations and result from careful consideration of all the facts involved.

## Contingent Liabilities

Contingent liabilities are possible current obligations that arise from past events, where an outflow of resources is nonetheless not probable. If, in rare cases, a present obligation is not recognized in the consolidated financial statements as a provision because the amount of the obligation cannot be measured with sufficient reliability, this is also classified as contingent liability. Contingent liabilities are not stated in the consolidated balance sheet but are disclosed in the notes to the Consolidated Financial Statement.

## Revenue and Expense Recognition

The NOVOMATIC Group recognizes revenues from the sale and rental of gaming machines, from the operation of casinos and electronic casinos, as well as from online gaming (e-business) and from betting. Pursuant to IFRS 15, revenues are to be recognized when the customer acquires the power to dispose of the agreed goods and services and may derive a benefit therefrom. The standard provides for a five-step model to recognize revenues. The first step is to identify the contract/contracts with customers and the independent performance obligations so as then to determine the transaction price and to divide up the contractual performance obligations. Revenues are recognized either on a time-related basis or at a specific point in time.

Revenues from the **sale** of gaming machines are recognized when the control over the promised goods or services passes to the customer. The form and scope of the contracts with customers depend on the respective jurisdiction. The following potential separate performance obligations were essentially identified: Gaming machine, contractually agreed regular software updates, spare parts and other services (e.g. business analytics, reports). For any additional costs arising from the initiation of a contract (e.g. sales commissions), the practical exception according to IFRS 15.94 is applied, as the amortization period is generally less than one year.

Revenue from the **rental** of gaming machines, classified as operating leases, is recognized on a straight-line basis over the period in which the underlying services are rendered. Lease agreements with customers may have different characteristics, particularly with regard to the agreed payments (fixed rent or revenue share models). The following possible separate leasing and non-leasing components were identified: Gaming machine, contractually agreed regular software updates, maintenance/spare parts/other services and customer loyalty programs. Rental prepayments (up-front fees) are recognized as revenue on a straight-line basis over the term of the contract. Customer loyalty programs are deferred so that this portion is not recognized as revenue until the Group has fulfilled the obligation.

Revenues from the **operation of electronic slot machines (slot arcades)** and **casinos with live games** are recorded as net amount (net gaming revenue). The net amount is calculated as the balance of amounts (IN) less customer payments (OUT) less all incentives and accruals. In a few jurisdictions, the payout of a jackpot may have a mandatory scope; then a corresponding accrual (refund liability) is made. Other discretionary incentives (free catering) and non-discretionary incentives (customer loyalty programs) are not available or only to a minor extent.

Revenues from **bets** are recognized when the underlying betting event has occurred. The turnover corresponds to the net amount of wagers and payouts from the betting business. Those amounts used by players for events that have not yet taken place are accounted for as a deferred contract item.

Revenues from **online gaming** include online casinos, games and platform services and are recognized as soon as the underlying games have taken place or services have been rendered. A contract liability is recorded for unused customer credit balances.

Revenues in the other areas are recognized as soon as the respective services have been rendered.

Operating expenses are recognized when incurred or at the date of use of the service.

#### **Financial result**

Interest expense is comprised of interest accrued on debt financing. Other finance cost relates to the impairment of financial assets, losses on the disposal of financial assets and expenses related to derivatives.

Interest income includes realized interest income from the investment in funds and investments in financial assets. Other finance income is comprised of dividends and similar income, profits from the sale of financial assets, and income from derivatives.

Foreign currency effects resulting from intragroup financing are stated separately in the financial result because of their close connection to financing activities.

#### **Taxes**

The income tax expense disclosed is comprised of the income tax payments by each subsidiary based on its taxable profit for the year and calculated using the applicable tax rate for the respective jurisdiction (actual taxes), as well as of changes in the deferred taxes.

Deferred taxes are accounted for using the balance sheet liability method and are recognized for temporary differences arising between the carrying amounts stated in the consolidated balance sheet as per IFRS and the corresponding tax base used on the balance sheet of the subsidiary. Furthermore, the probable tax advantages resulting from tax loss carried forward are also taken into account for the determination of deferred taxes. Temporary differences arising from non-deductible goodwill or (under certain circumstances) from the initial recognition of an asset or liability are not recognized.

Deferred tax assets and liabilities are shown net in the Group if a right of set-off exists and the taxes relate to taxpayers in the same tax group.

Important average tax rates used by Group companies are:

Country	Tax rate 2021	Tax rate 2020
Australia	30%	30%
Germany	13.8% – 57.2%	14.17% – 57.2%
United Kingdom	19%	19%
Italy	24% – 27.9%	24% – 27.9%
Latvia	0% and 20%	0% and 20%
Malta	5% and 35%	5% and 35%
Macedonia	10%	10%
Netherlands	25%	25%
Austria	25%	25%
Peru	29.5%	29.5%
Romania	16%	16%
Serbia	15%	15%
Spain	24% and 25%	24% and 25%
USA	27%	26%

#### Fair Value Measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The NOVOMATIC-Group uses the following hierarchy to allocate certain assets and/or liabilities, which are either to be stated at fair value or at least where the fair value has to be disclosed, to a certain measurement method:

Level 1: Measurement on the basis of quoted (unadjusted) prices in active markets

Level 2: Measurement on the basis of market prices for similar instruments or on the basis of valuation methods, relying solely upon parameters observable in the market.

Level 3: Measurement on the basis of parameters that significantly affect the fair value and are not based on observable market data.

In the face of varying influencing factors, the fair values presented can only be considered as indicators of the values that could actually be generated on the market.

## Estimates and Judgments

For the preparation of the financial statements, assumptions and estimates were made that influence the amount of assets and liabilities, income and expenses, for the review period. Even under a high degree of diligence, these assumptions may differ from the actual circumstances.

For the following situations, the assumptions made at the balance sheet date are of particular importance:

The assessment of recoverability of intangible assets, right-of-use assets, property, plant and equipment is based on assumptions for the future. For the impairment tests, several assumptions to determine the recoverable amount are taken into account. Of particular importance are future cash flows as well as the discount rate. Cash flow predictions are based on financial plans approved by the management. In addition, assumptions for the presence of indicators for impairments or the reversal of impairments are necessary.

Significant estimates are made when measuring the right-of-use assets to be recognized and the associated lease liabilities in the case of leases under IFRS 16 as lessee. This is due to the fact that many leases in the Group have single or multiple extension options, have an indefinite term with corresponding termination rights, or also contain termination rights in the case of terms that are limited. The length of the term on the basis of the estimates made is the main factor determining the amount of the lease liabilities.

Concerning purchase price allocations performed for business combinations, assumptions are made concerning the existence and valuation of assets (in particular intangible assets), liabilities, and contingent liabilities received. The evaluation of their fair value is based on several different assumptions, especially for future cash flows and the discount rate. For the evaluation of contingent considerations, assumptions are made concerning the probability of achieving the defined objectives.

Deferred tax assets are recognized to the extent that it is probable that sufficient taxable income will be generated in future periods to utilize deductible temporary differences or existing tax loss carryforwards.

The fair value of financial assets, as well as derivatives, is derived based on market information available on the balance sheet date. Shares in non-consolidated companies and other investments reported under financial assets are measured in accordance with recognized capitalized earnings methods. When calculating the market value of financial investments, a multiplier method is used as there is no active market available for this. The parameters used in the measurement may be fraught with predictive uncertainty and, similarly, the selection of the suitable peer group requires assumptions about their comparability. In the face of varying influencing factors, the values disclosed may deviate from values realized at a later point in time.

Concerning the valuation of inventories, assumptions must be made regarding market development and economic exploitability.

In the case of receivables, valuation adjustments are made on the basis of assumptions about the probability of default in accordance with the model of expected credit losses.

The assumptions upon which estimates are based are subject to constant scrutiny and adjustment.

The long-term operational and economic impact of the ongoing COVID-19 pandemic can only be predicted to a limited extent from today's perspective. Estimates and assumptions relevant to the financial statements were made to the best of our knowledge, based on current events and country-specific government-imposed measures. Assumptions were made and discretionary powers were exercised in particular in the course of the assessment of the impairment of assets.

## (5) Impact of the COVID-19 Pandemic

The 2021 fiscal year was marked by further lockdowns and restrictive measures to contain the spread of the COVID-19 pandemic in many core regions. Consequently, the Group's business performance in the Gaming Operations division was directly affected by the nationwide closure of gaming facilities, while the Gaming Technology division again saw a slight increase in customers' willingness to invest.

The operation of the Group's own sites (casinos, slot arcades, sports betting outlets and bingo operations) was characterized by temporary closures ordered by the authorities, resulting in temporarily no or reduced revenues. Business relations with customers in the rental and sales area were also affected by these limiting framework conditions. Income from variable rental models (such as revenue sharing agreements) was lost at times due to the required closure of the locations operated by customers. In the case of rental models with fixed rental agreements, country-specific solutions (rent reductions or extended payment terms) were agreed with customers on an individual basis for the duration of the crisis. There was again a certain increase in sales revenue due to higher demand for gaming devices. A partial shift of activities to the online area (eBusiness) was also observed among customers in general, leading to an increase in sales in this portfolio offered.

In response to this unfavorable environment, the Group had already initiated cost-saving and optimization measures to improve its expense structure in the previous year. These are being continued in 2021. State subsidies for personnel costs were claimed in order to secure and maintain jobs. The scope of the governmental support measures varies from country to country (where applicable), with short-time work models and subsidies being particularly noteworthy. The reductions in advance tax payments and longer payment terms initiated by the authorities gradually expired, resulting in the Group making substantial tax payments in the second half of the year.

Following the interim relaxation of COVID-19 measures in most markets, a recovery in business activity was recorded. Nevertheless, the COVID-19 pandemic continues to have a significant impact on the development of the markets in which the Group operates. Further developments are monitored by the Group, and the impact on the Group's operating activities and liquidity is reassessed at regular intervals.

## (6) Company Acquisitions

In 2021, 70 percent of the shares in ZBET.RS d.o.o. and 100 percent of the shares in its subsidiary ADRIA GAMING d.o.o. in Serbia were acquired. The acquired companies are operators of approximately one hundred and fifty betting shops and three gaming arcades.

On September 29, 2021, 100 percent of the shares in Joker Extremadura S.L. in Spain were acquired. The acquired company operates eight slot arcades.

With the above acquisitions together with smaller asset deals in the European core markets, the Group is cementing its market position in some of Europe's core markets. These acquisitions have been accounted for in accordance with IFRS 3. The following table summarizes the fair values of these company acquisitions:

EUR m	Fair values
Intangible assets	13.2
Right-of-use assets	8.0
Property, plant and equipment	5.5
Other non-current assets	1.3
Deferred tax assets	0.1
Inventories	0.1
Cash and cash equivalents	1.2
Other current assets	0.1
Non-current liabilities and provisions	-11.1
Deferred tax liabilities	-1.5
Current liabilities and provisions	-3.7
<b>Net assets</b>	<b>13.1</b>
Non-controlling interests	-3.3
Goodwill	16.8
<b>Consideration</b>	<b>26.6</b>

The consideration amounting to EUR 26.6 million has been paid in cash in the amount of EUR 26.3 million. Goodwill resulting from the acquisitions reflects expected strategic advantages for the Group due to the further expansion of operational business activities and further potential growth through synergies. None of the goodwill resulting from these acquisitions is tax-deductible.

Revenue amounts to EUR 17.8 million since the acquisition date, whereas the result for the period since the acquisition date amounts to EUR -7.1 million.

The disclosure of revenues and profit or loss of the acquired companies under the assumption that the acquisition date of all business combinations is the beginning of the reporting period was omitted, since its informative value in terms of the Consolidated Financial Statement would be insignificant.

**(7) Notes to the Consolidated Balance Sheet****(7.1) Intangible Assets in EUR m**

Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and software	Other intangible assets	Total
As of 1/1/2020	431.6	91.5	658.7	134.7	289.9	71.2	1,677.7
Currency translation adjustments	-1.3	-1.7	-7.6	-0.8	-0.9	-0.1	-12.4
Acquisitions through business combinations	20.9	0.8	15.0	3.3	7.1	0.0	47.0
Additions	1.7	0.0	3.2	0.0	9.2	4.1	18.1
Disposals	-5.1	0.0	-3.6	0.0	-3.7	-3.3	-15.6
Reclassifications	0.0	0.0	0.2	0.0	0.3	-0.3	0.2
<b>As of 12/31/2020</b>	<b>447.7</b>	<b>90.5</b>	<b>665.8</b>	<b>137.2</b>	<b>302.0</b>	<b>71.6</b>	<b>1,714.8</b>
Acquisition costs	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and software	Other intangible assets	Total
As of 1/1/2021	447.7	90.5	665.8	137.2	302.0	71.6	1,714.8
Currency translation adjustments	2.0	2.8	8.5	1.8	2.8	0.0	17.9
Acquisitions through business combinations	16.8	0.0	13.2	0.0	0.4	0.0	30.4
Additions	0.0	0.0	4.2	0.0	12.1	3.9	20.2
Disposals	-2.3	-3.0	-8.7	0.0	-11.7	-2.5	-28.3
Reclassifications	0.0	0.1	5.1	0.0	-1.2	-4.1	-0.1
<b>As of 12/31/2021</b>	<b>464.2</b>	<b>90.4</b>	<b>688.1</b>	<b>139.0</b>	<b>304.5</b>	<b>68.8</b>	<b>1,754.9</b>
Cumulative depreciation and amortization	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and software	Other intangible assets	Total
As of 1/1/2020	162.8	53.7	285.6	86.3	230.8	53.7	872.9
Currency translation adjustments	0.0	-0.6	-0.1	0.0	0.4	-0.1	-0.5
Additions	0.0	3.3	39.9	6.9	18.2	3.4	71.7
Impairment	8.0	0.0	16.3	1.5	0.8	0.2	26.6
Disposals	-3.8	0.0	-1.2	0.0	-3.6	-2.3	-10.9
Reclassifications	0.0	0.0	0.1	0.0	0.0	-0.1	0.0
Reversal of an impairment	0.0	0.0	-5.5	0.0	0.0	0.0	-5.5
<b>As of 12/31/2020</b>	<b>167.0</b>	<b>56.4</b>	<b>335.1</b>	<b>94.7</b>	<b>246.6</b>	<b>54.6</b>	<b>954.4</b>
Cumulative depreciation and amortization	Goodwill	Trademarks and patents	Licenses and concessions	Customer relationships	Development and software	Other intangible assets	Total
As of 1/1/2021	167.0	56.4	335.1	94.7	246.6	54.6	954.4
Currency translation adjustments	0.0	1.6	0.1	1.2	1.9	0.0	4.8
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Additions	0.0	3.6	37.3	6.5	16.7	3.1	67.2
Impairment	5.5	0.0	3.1	8.8	0.4	0.0	17.8
Disposals	-1.5	-3.0	-6.6	0.0	-10.0	-2.4	-23.5
Reclassifications	0.0	0.1	5.1	0.0	-1.7	-3.7	-0.3
Reversal of an impairment	0.0	-9.9	-6.8	-5.5	-18.4	0.0	-40.6
<b>As of 12/31/2021</b>	<b>171.0</b>	<b>48.7</b>	<b>367.2</b>	<b>105.8</b>	<b>235.6</b>	<b>51.7</b>	<b>980.0</b>
<b>Carrying amounts as of 12/31/2020</b>	<b>280.7</b>	<b>34.1</b>	<b>330.8</b>	<b>42.6</b>	<b>55.4</b>	<b>17.0</b>	<b>760.5</b>
<b>Carrying amounts as of 12/31/2021</b>	<b>293.2</b>	<b>41.7</b>	<b>320.9</b>	<b>33.2</b>	<b>68.9</b>	<b>17.1</b>	<b>775.0</b>

## Goodwill

Goodwill is allocated to the following groups of cash-generating units:

EUR m	31.12.2021	31.12.2020
Gaming Operations – Germany	74.4	74.7
Gaming Operations – Great Britain	27.8	26.6
Gaming Operations – Italy	47.0	52.2
Gaming Operations – Netherlands	14.7	14.7
Gaming Operations – Online	10.3	10.3
Gaming Operations – Spain	32.7	30.1
Gaming Operations – Serbia	16.8	3.4
Gaming Technology – Germany	5.9	5.9
Gaming Technology – Great Britain	5.0	4.4
Gaming Technology – Italy	25.0	25.0
Gaming Technology – Spain	7.0	7.0
Gaming Technology – Ainsworth	10.6	10.5
Other	16.0	16.0
<b>Total</b>	<b>293.2</b>	<b>280.7</b>

Goodwill with a single value below EUR 4.0 million is summarized under "Other."

## Intangible Assets with Indefinite Useful Lives

The intangible assets include licenses in the amount of EUR 208.9 million (previous year: EUR 199.9 million) and trademarks in the amount of EUR 27.5 million (previous year: EUR 17.5 million) with indefinite useful lives. The licenses and trademarks are allocated to the following groups of cash-generating units. Single values below EUR 4.0 million are summarized under "Other".

Licenses EUR m	12/31/2021	12/31/2020
Gaming Operations – Latvia	18.6	18.8
Gaming Operations – Spain	49.1	47.6
Gaming Operations – Great Britain	137.1	129.4
Other	4.1	4.1
<b>Total</b>	<b>208.9</b>	<b>199.9</b>

Trademarks EUR m	12/31/2021	12/31/2020
Gaming Technology – Ainsworth	25.3	15.3
Other	2.2	2.2
<b>Total</b>	<b>27.5</b>	<b>17.5</b>

The useful life of the preceding intangible assets is indefinite because there is no prospect of an end to their economic use at the moment.

### Impairments and Reversals of Impairments

Details concerning impairment tests for intangible assets may be found under note (7.4).

### Research and Development Expenses

Internally generated intangible assets are only capitalized if the criteria stipulated by IAS 38.57 are fulfilled. In the 2021 fiscal year, non-capitalizable development costs of EUR 101.9 million (previous year: EUR 105.4 million) were recorded as expenses under "Personnel costs" and "Other operating expenses".

### (7.2) Right-of-Use Assets

The right-of-use assets recognized in connection with IFRS 16 Leases relate to the following types of assets:

EUR m	Real estate	Gaming devices	Office and business equipment, vehicle fleet	Total
As of 1/1/2021	491.6	24.1	5.2	520.9
Currency translation adjustments	3.4	0.0	0.0	3.4
Acquisitions through business combinations	7.6	0.0	0.3	8.0
Additions	142.3	9.3	4.0	155.6
Disposals	-22.5	-1.6	-0.3	-24.4
Depreciation/amortization	-97.9	-10.9	-3.3	-112.1
Impairment	-28.9	0.0	-0.2	-29.2
Reversal of an impairment	9.0	0.0	0.0	9.0
<b>As of 12/31/2021</b>	<b>504.6</b>	<b>21.0</b>	<b>5.6</b>	<b>531.2</b>

The right-of-use assets stem primarily from the large number of gaming facilities operated (comprising slot arcades, casinos, sports betting outlets and bingo operations), most of which were rented from third parties. The underlying leases are negotiated individually and include a range of different conditions.

In the wake of the COVID-19 pandemic, more lease concessions were agreed upon, particularly for gaming facilities that were forced to close due to lockdown measures. Lease concessions that constitute a contract modification have accordingly been accounted for as contract modifications in accordance with IFRS 16. This leads to a reassessment of the lease liability based on the incremental borrowing rate at the date of the change and an adjustment to the right-of-use asset without affecting income. Any effects from variable rental reductions recognized through the income statement were insignificant. Agreed rental deferrals had no relevant effect on the recognized leases as of December 31, 2021.

## (7.3) Property, Plant and Equipment in EUR m

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Acquisition costs					
As of 1/1/2020	892.6	1,121.4	551.7	55.2	2,620.9
Currency translation adjustments	-10.5	-17.0	-4.3	0.0	-31.8
Acquisitions through business combinations	1.5	1.3	2.1	0.0	4.9
Additions	35.3	106.3	42.5	20.8	204.9
Disposals	-21.1	-100.9	-40.2	-2.3	-164.4
Assets held for sale	-21.3	0.0	0.0	0.0	-21.3
Reclassifications	3.0	19.9	0.9	-22.7	1.2
<b>As of 12/31/2020</b>	<b>879.5</b>	<b>1,131.0</b>	<b>552.8</b>	<b>51.0</b>	<b>2,614.4</b>

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Acquisition costs					
As of 1/1/2021	879.5	1,131.0	552.8	51.0	2,614.4
Currency translation adjustments	6.3	10.7	3.6	0.0	20.6
Acquisitions through business combinations	2.7	3.3	3.6	0.0	9.5
Additions	40.2	115.9	42.6	23.7	222.5
Disposals	-36.2	-146.9	-45.9	-5.7	-234.7
Reclassifications	4.3	15.1	1.9	-21.2	0.2
<b>As of 12/31/2021</b>	<b>896.8</b>	<b>1,129.1</b>	<b>558.7</b>	<b>47.9</b>	<b>2,632.4</b>

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Cumulative depreciation and amortization					
As of 1/1/2020	472.1	666.1	391.2	33.2	1,562.5
Currency translation adjustments	-3.5	-10.6	-3.0	0.0	-17.1
Acquisitions through business combinations	0.0	1.2	1.6	0.0	2.7
Additions	37.8	179.3	46.5	0.0	263.6
Impairment	22.0	22.3	6.7	3.8	54.7
Disposals	-14.8	-73.3	-26.3	0.0	-114.5
Assets held for sale	-2.8	0.0	0.0	0.0	-2.8
Reclassifications	-0.7	-1.9	1.0	1.5	0.0
Reversal of an impairment	-5.6	-1.8	-0.5	-15.5	-23.4
<b>As of 12/31/2020</b>	<b>504.6</b>	<b>781.2</b>	<b>417.1</b>	<b>23.0</b>	<b>1,725.9</b>

	Land and buildings	Plant and machinery	Factory and office equipment	Prepayments and property under construction	Total
Cumulative depreciation and amortization					
As of 1/1/2021	504.6	781.2	417.1	23.0	1,725.9
Currency translation adjustments	2.4	8.0	2.2	0.0	12.7
Acquisitions through business combinations	0.9	1.8	1.4	0.0	4.0
Additions	35.1	151.2	42.5	0.0	228.7
Impairment	5.7	3.7	3.4	7.3	20.1
Disposals	-29.3	-111.0	-34.3	0.0	-174.7
Reclassifications	-0.1	5.9	-3.3	-2.7	-0.1
Reversal of an impairment	-1.3	-1.2	-0.1	-7.7	-10.2
<b>As of 12/31/2021</b>	<b>518.1</b>	<b>839.6</b>	<b>428.9</b>	<b>19.9</b>	<b>1,806.5</b>
<b>Carrying amounts as of 12/31/2020</b>	<b>374.9</b>	<b>349.8</b>	<b>135.8</b>	<b>28.0</b>	<b>888.5</b>
<b>Carrying amounts as of 12/31/2021</b>	<b>378.7</b>	<b>289.4</b>	<b>129.8</b>	<b>28.0</b>	<b>825.9</b>

Plant and machinery contains slot machines with a carrying amount of EUR 277.5 million (previous year: EUR 339.4) for the Group's own operations and rental.

## Impairments and Reversals of Impairments

Details concerning impairment tests for property, plant and equipment may be found under note (7.4).

### (7.4) Impairments and Reversals of Impairments

#### 7.4.1 Calculation Model and Principles

The recoverable amount is the higher value of the fair value less costs to sell and the value-in-use. Where capitalized earnings methods are applied, cash flow projections for a five-year period based on financial plans approved by the management are used. The cash flow projections are based on the detailed budget for the following fiscal year as well as forecasts for the subsequent four years derived therefrom. The main assumptions are based on the previous fiscal year, experiences of comparable businesses and the overall economic development. During the planning period, these base values are increased by development improvements estimated by the management in light of comparable projects, market potentials and risks.

Cash flows occurring after this detailed planning period of five years are calculated with a growth rate of 0.00 percent to 2.00 percent and, finally, on the basis of a perpetual annuity without a growth rate. The discount rates used for the cash flow forecasts are post-tax interest rates when calculating the fair value less costs to sell and pre-tax interest rates when calculating the value-in-use, taking respective country-specific risks into consideration.

The COVID-19 pandemic will continue to have a significant impact on the business activities of the Group companies in 2021, resulting in highly volatile business development. Further effects (e.g. uncertainties regarding the opening possibilities in 2022) as well as the development of earnings after the reopening of venues or the reduction of restrictive measures were evaluated and taken into account in the cash flow forecasts as per the management's assessment. This was based on the extensive experience to date since the start of the pandemic in spring 2020 as well as ongoing analyses of the respective market situation.

The recognized recoverable amounts of the (groups of) cash-generating units therefore correspond to valuation Level 3 according to the Fair-Value-Hierarchy.

Groups of cash-generating units	Recoverable amount	Discount rate	Pre-tax/post-tax interest rate
Gaming Operations – Germany	Value-in-use	11.90%	Pre-tax interest rate (09/30)
Gaming Operations – Great Britain	Value-in-use	10.23%	Pre-tax interest rate (09/30)
Gaming Operations – Italy	Value-in-use	12.84%	Pre-tax interest rate (09/30)
Gaming Operations – Netherlands	Value-in-use	10.58%	Pre-tax interest rate (09/30)
Gaming Operations – Online	Value-in-use	11.55%	Pre-tax interest rate (09/30)
Gaming Operations – Spain	Value-in-use	12.04%	Pre-tax interest rate (09/30)
Gaming Operations – Serbia	Value-in-use	12.06%	Pre-tax interest rate (12/31)
Gaming Technology – Great Britain	Value-in-use	10.82%	Pre-tax interest rate (09/30)
Gaming Technology – Italy	Value-in-use	13.92%	Pre-tax interest rate (09/30)
Gaming Technology – Online	Value-in-use	10.70%	Pre-tax interest rate (09/30)
Gaming Technology – Spain	Value-in-use	12.37%	Pre-tax interest rate (09/30)
Gaming Technology – Germany	Value-in-use	11.96%	Pre-tax interest rate (09/30)
Gaming Technology – Ainsworth	Value-in-use	13.51%	Pre-tax interest rate (12/31)
Other	Fair value* and value-in-use	7.05% to 27.51%	Post-tax interest rate and pre-tax interest rate (09/30)

\* Fair value less costs to sell

### 7.4.2 Goodwill and Intangible Assets with Indefinite Useful Lives

The comparison of carrying amounts with the recoverable amounts for the (groups of) cash-generating units that was undertaken as part of the annual impairment test for goodwill and intangible assets with indefinite useful lives, which was carried out on September 30, 2021, resulted in an impairment to the amount of EUR 5.5 million (previous year EUR 8.0 million). The underlying cash flow forecasts are based on the financial plans approved by the company management (detailed budget for the following fiscal year and the derived forecasts for the subsequent four years).

The impairments made relate entirely to the (group of) cash-generating units Gaming Operations – Italy and amount to EUR 5.5 million (previous year: EUR 7.7 million).

Goodwill and intangible assets with indefinite useful lives resulting from acquisitions or the occurrence of a triggering event after September 30, 2021 were tested for impairment as of December 31, 2021. No required impairment was identified.

In addition, the impairment test for the (group of) cash-generating units Gaming Technology – Ainsworth was performed on December 31, 2021. This resulted in write-ups of EUR 9.9 million for intangible assets with indefinite useful life in the fiscal year.

- The capital costs considered in the model (WACC before tax) are 13.51 percent.
- The growth rate considered in the model is 0.00 percent per annum.

In (the group of) cash-generating units Gaming Technology – Spain, there is no more surplus as of September 30. In the previous year, the recoverable amount (value in use) exceeded the carrying amount by EUR 6.5 million.

### 7.4.3 (Other) Intangible Assets, Right-of-Use Assets, and Property, Plant and Equipment

The impairment tests carried out led to impairment losses of EUR 62.7 million on (other) intangible assets, and property, plant and equipment (incl. investment property) (previous year: EUR 110.6 million) and reversals of impairment losses of EUR 50.0 million (previous year: EUR 28.9 million). The impairments (with an individual value of EUR 4.0 million) relate to the (group of) cash-generating units Gaming Operations – Austria at EUR 4.6 million (previous year: EUR 2.5 million), Gaming Operations – Germany at EUR 20.0 million (previous year: EUR 42.2 million), Gaming Technology – Germany at EUR 5.1 million (previous year: EUR 5.2 million), Gaming Operations – Italy at EUR 4.5 million (previous year: EUR 21.7 million), Gaming Operations – Serbia at EUR 5.3 million (previous year: EUR 0.0 million) and Gaming Technology – Ainsworth at EUR 15.3 million (previous year: EUR 21.6 million). Of the impairment reversals (with an individual value of more than EUR 4.0 million), the (group of) cash-generating units Gaming Technology – Germany is recognized at EUR 8.6 million (previous year: EUR 16.5 million), Gaming Operations – Germany at EUR 17.5 million (previous year: EUR 2.7 million) and Gaming Technology – Ainsworth at EUR 23.8 million (previous year: EUR 0.0 million).

The following takes a closer look at selected core markets.

#### Gaming Operations/Technology – Germany

In Germany, the new State Treaty on Gaming came into force on July 1, 2021, which sets out a new legal framework for gaming. The state-specific implementation provisions and transitional regulations for existing gaming arcades vary, but ultimately resulted in a lower number of site closures than originally assumed. In the years prior to the entry into force of the new State Treaty on Gaming, there had already been a noticeable contraction in the slot arcade market as a result of stricter regulations.

The focus of the German Group company LÖWEN ENTERTAINMENT GmbH in the Gaming Technology segment is on the area of leasing gaming terminals. In light of the stricter regulatory framework and the COVID-19 pandemic, however, the number of rented gaming machines decreased during the reporting period by around 2,500 gaming terminals to some 75,300 units (as at the balance sheet date).

Taking into account the impairment test in the Gaming Technology segment, there is a required impairment loss of EUR 5.1 million for the fiscal year. This required impairment loss is offset by impairment reversals of EUR 8.6 million in total. When valuing stocks of new equipment, old equipment, new components and old components, the decisive factor was whether the existing units could be used in the future. Write-downs were made if it was assumed that the inventories would not be usable. Due to new market findings, the assessment regarding the usability of certain equipment types changed, resulting in impairment reversals.

An impairment test was also carried out on the assets (in particular the goodwill) of the (group of ) cash-generating units Gaming Technology – Germany, resulting in a clear surplus.

- The capital costs considered in the model (WACC before tax) are 11.96 percent.
- The growth rate considered in the model is 2.00 percent per annum.

In the Gaming Operations segment, NOVOMATIC had a strong market position with the German operating companies, which has been expanded in recent years through the acquisition of several small companies.

As in previous years, impairment tests were carried out in 2021 for the assets of the German operating companies. The impairment test included those slot arcade locations of the operating companies active in commercial electronic casino gaming for which a triggering event was identified, taking into account the new legal regulations and the current economic situation.

As of June 30, 2021, an evaluation of the gaming facilities in operation was carried out, taking into account the findings of the State Treaty on Gaming, which is due to come into force, in particular due to the lower-than-expected number of slot arcade closures. The impairment tests performed resulted in write-ups of EUR 16.6 million and impairment losses of EUR 10.0 million. At the end of the year, the situation of the individual slot arcade locations was reassessed, taking into account new findings on the impact of legal circumstances, the general business trend in the second half of the year, and the newly emerged COVID-19 variant. This resulted in impairment losses of EUR 9.6 million and write-ups of EUR 0.9 million.

In total, impairment losses of EUR 20.0 million and write-ups of EUR 17.5 million were recognized in the fiscal year. The highest share in terms of amount is attributable to impairment losses and write-ups on the right-of-use assets of the rental locations.

An impairment test was also carried out on the assets (in particular the goodwill) of the cash-generating unit Gaming Operations – Germany, resulting in a clear surplus.

- The capital costs considered in the model (WACC before tax) are 11,90 percent.
- The growth rate considered in the model is 2.00 percent per annum.

### Gaming Technology – Ainsworth

The financial planning for a planning period of five years prepared by Ainsworth Game Technology Ltd. was used as the basis for the impairment test. The current business development was taken into account when preparing the financial plan.

In the wake of the COVID-19 pandemic, business activity in the regions was affected to varying degrees in Ainsworth Game Technology Ltd.'s area of operations. Triggering events were identified for this reason as of June 30. In particular, the expected business development in the Latin American market led to write-downs of EUR 6.5 million (previous year: EUR 21.6 million).

Based on the standard impairment test as of December 31, a total impairment loss of EUR 24.8 million was recognized for the (group of) cash-generating units Gaming Technology – Ainsworth. The overall expected business development is mainly influenced by the positively forecasted development in the North American market.

A sensitivity analysis was performed as part of the impairment test, in the course of which a possible range for the enterprise value was determined by changes in the expected EBITDA and the discount rates. For the change in EBITDA, a change of 2.5 percent and +2.5 percent, respectively, of the discount rate applied was assessed. No significant need for impairment or reversal of impairment losses arose taking into account the sensitivities performed.

### (7.5) Investment property

EUR m	12/31/2021	12/31/2020
Balance as of 1/1	25.9	28.5
Currency translation adjustments	0.5	-1.0
Additions	1.8	1.2
Reclassifications	-0.3	-1.4
Depreciation/amortization	-0.9	-1.0
Impairment	-1.1	-0.3
<b>Balance as of 12/31</b>	<b>25.9</b>	<b>25.9</b>

Investment property denotes land and buildings held but not used in business operations. The gross carrying amounts are EUR 45.2 million (previous year: EUR 43.0 million) and accumulated depreciation and amortization to EUR 19.3 million (previous year: EUR 17.0 million). Largely external valuation reports from regional independent experts were created to determine the fair value. If the underlying assumptions have not materially changed, the reports are not updated. The fair value (Fair-Value-Hierarchy level 3) amounts to a total of EUR 25.9 million (previous year: 25.9 EUR million).

**(7.6) Investments in associated companies**

EUR m	12/31/2021	12/31/2020
Balance as of 1/1	2.2	2.1
Share of post-aquisition profits	0.6	0.3
Other changes	0.0	-0.2
<b>Balance as of 12/31</b>	<b>2.8</b>	<b>2.2</b>

The companies recognized using the equity method on the consolidated balance sheet are shown in the investment schedule. The following table shows the basic data from the balance sheet and profit and loss account of the companies recognized at equity, whereas the data corresponds to 100 percent and not to the percentage of shares owned by NOVOMATIC Group in associated companies:

EUR m	12/31/2021	12/31/2020
Assets	27.1	22.7
Liabilities	18.2	15.9
Revenues	10.4	10.2
Annual result	1.8	0.8

**(7.7) Financial Assets**

EUR m	12/31/2021	12/31/2020
Investments in affiliated companies, non-consolidated	10.4	4.1
Securities	26.0	19.8
Other investments	187.1	153.8
<b>Total</b>	<b>223.6</b>	<b>177.7</b>

The NOVOMATIC Group indirectly holds a 9.45 percent interest in Österreichische Lotterien Gesellschaft m.b.H. (ÖLG) which is recognized under "Other investments" with a fair value of EUR 162.5 million (previous year: EUR 125.6 million).

The securities primarily comprise stocks and promissory notes. They are not subject to any restraint of disposal.

**(7.8) Taxes**

Current taxes:

EUR m	12/31/2021	12/31/2020
Current tax receivables	15.8	18.8
Current tax liabilities	37.0	31.7

Deferred taxes:

EUR m	12/31/2021	12/31/2020
Deferred tax assets	141.8	139.5
Deferred tax liabilities	-122.9	-102.8
<b>Total</b>	<b>18.9</b>	<b>36.7</b>

Deferred tax assets and liabilities result from the following temporary valuation and accounting differences between the carrying amounts of the financial statement prepared according to IFRS and their respective tax bases.

EUR m	12/31/2021	12/31/2020
Intangible assets	-80.4	-67.2
Right-of-use assets	-120.5	-112.6
Property, plant and equipment	17.8	29.6
Non-current financial assets	-20.8	-11.6
Other non-current assets	-0.7	1.2
Inventories	9.4	12.2
Current financial assets	1.0	-1.3
Trade and other receivables	6.4	12.7
Non-current financial liabilities	-1.5	-0.5
Non-current lease liabilities	115.6	105.4
Other non-current liabilities	3.4	0.2
Non-current provisions	7.6	4.4
Current financial liabilities	-0.3	1.1
Current lease liabilities	23.9	24.0
Current provisions	0.4	-1.2
Trade payables and other liabilities	7.9	1.5
Tax loss carry forward	49.7	38.9
<b>Total</b>	<b>18.9</b>	<b>36.7</b>

Income taxes recognized directly in other comprehensive income:

EUR m	2021	2020
Revaluation of financial assets	-20.4	-9.7
Remeasurement of the net defined benefit liability	4.9	5.0

The deferred taxes are of a long-term nature at EUR -29.7 million (previous year: EUR -12.3 million) and of a short-term nature at EUR 48.6 million (previous year: EUR 49.0 million).

In accordance with IAS 12, deferred tax assets on the existing loss carryforwards totaling EUR 49.7 million (previous year: EUR 38.9 million) were capitalized, as these can be offset against future taxable profits. Tax assets are netted with tax liabilities if they concern the same tax authority, and if the right and intention to offset exist.

In 2021, subsidiaries that incurred losses in the current year or the years carried forward tax losses in the amount of EUR 702.0 million (previous year: EUR 558.5 million) that can no longer be utilized. The unrecognized deferred taxes for tax losses therefore amount to EUR 173.4 million (previous year: EUR 137.3 million).

No deferred tax liabilities were recognized on temporary differences between the Group's share of IFRS equity and the tax base of the subsidiaries amounting to EUR 219.7 million (previous year: EUR 231.0 million), as the Group is able to control the timing of the reversal of the temporary differences and the temporary differences are unlikely to reverse in the foreseeable future.

#### (7.9) Other non-current assets

EUR m	12/31/2021	12/31/2020
Loans	21.5	20.3
Finance lease receivables	13.9	13.8
Purchase price receivables	4.5	5.7
Deposits with gaming authorities	9.0	8.5
Miscellaneous other non-current assets	12.5	32.0
Trade receivables	35.7	31.6
<b>Total</b>	<b>97.2</b>	<b>111.8</b>

The trade receivables amounting to EUR 35.7 million (previous year: EUR 31.6 million) relate to sales transactions with long-term payment terms. The gross carrying amounts of EUR 40.0 million (previous year: EUR 33.7 million) were adjusted for impairment losses of EUR -4.3 million (previous year: EUR -2.2 million); this corresponds to an expected loss ratio of 10.8% (previous year: 6.4%).

Finance lease receivables arise from agreements with customers for gaming machines. Please see Note (12) for information on the maturities.

#### (7.10) Inventories

EUR m	12/31/2021	12/31/2020
Raw materials and supplies	110.7	101.4
Work-in-progress	17.8	13.9
Finished goods and trade goods	114.0	135.0
Prepayments	2.0	1.9
<b>Total</b>	<b>244.5</b>	<b>252.2</b>

The inventory total includes inventory write-downs amounting to EUR 83.4 million (previous year: EUR 81.0 million).

**(7.11) Trade receivables, other receivables and assets**

EUR m	12/31/2021	12/31/2020
Trade receivables	244.8	194.8
Receivables from non-consolidated affiliated companies	10.6	2.2
Contract assets	0.6	0.4
Prepaid expenses	37.3	34.1
Purchase price receivables	1.2	1.2
Precious metals	51.3	49.3
Other tax receivables, excluding income taxes	55.9	10.7
Other current receivables and assets	82.3	54.9
<b>Total</b>	<b>484.1</b>	<b>347.7</b>

Trade receivables and valuation allowances are broken down as follows:

EUR m	12/31/2021			
	Gross amount	Valuation allowances	Expected loss ratio	Carrying amount
Receivables not overdue	131.2	-11.7	9.0%	119.4
overdue up to 30 Days	37.5	-5.6	14.8%	32.0
overdue between 30 and 60 Days	14.4	-1.8	12.8%	12.6
overdue between 60 and 90 Days	11.6	-1.2	10.5%	10.4
overdue for more than 90 Days	103.4	-33.0	31.9%	70.4
<b>Total</b>	<b>298.2</b>	<b>-53.4</b>		<b>244.8</b>

EUR m	12/31/2020			
	Gross amount	Valuation allowances	Expected loss ratio	Carrying amount
Receivables not overdue	104.3	-6.8	6.5%	97.5
overdue up to 30 Days	22.5	-2.0	8.8%	20.5
overdue between 30 and 60 Days	15.6	-1.7	11.2%	13.8
overdue between 60 and 90 Days	9.3	-0.7	7.3%	8.7
overdue for more than 90 Days	87.1	-32.8	37.7%	54.3
<b>Total</b>	<b>238.8</b>	<b>-44.0</b>		<b>194.8</b>

The trade receivables shown above include impairment charges amounting to EUR -53.4 million (previous year: EUR -44.0 million). The impairment expenses for the reporting period are recognized as other operating expenses in the profit and loss account.

Receivables from non-consolidated affiliated companies include EUR 10.6 million (previous year: EUR 1.8 million) in trade receivables.

The prepaid expenses amounting consist in particular of capitalized discounts and expenditures pertaining to 2022 and the following years.

Precious metals with a carrying amount of EUR 51.3 million (previous year: EUR 49.3 million) are measured at the respective traded market value (fair value hierarchy level 1) in the income statement. The change in value resulting from the subsequent measurement of precious metals of EUR 2.0 million (previous year: EUR 5.6 million) is recognized under other operating income.

Other current receivables and assets are comprised primarily of the offset with payment service providers, prepayments and deferred income.

#### (7.12) Current financial assets

EUR m	12/31/2021	12/31/2020
Securities	1.1	1.6
Loans	3.6	3.7
Finance lease receivables	8.1	11.3
Derivatives	0.1	0.3
Other current financial assets	0.1	0.6
<b>Total</b>	<b>13.0</b>	<b>17.5</b>

#### (7.13) Cash and Cash Equivalents

EUR m	12/31/2021	12/31/2020
Cash	132.9	107.5
Bank deposit	430.1	424.3
<b>Total</b>	<b>563.0</b>	<b>531.8</b>

The cash and cash equivalents reported in the amount of EUR 132.9 million (previous year: EUR 107.5 million) largely serves as cash reserves and base filling of the gaming machines at the various gaming establishments.

#### (7.14) Share capital

The share capital of EUR 26.6 million (previous year: EUR 26.6 million) is fully paid up and is divided into 26,590,000 registered no-par value shares. Each share corresponds to EUR 1.0 of the share capital.

#### (7.15) Capital reserves

The capital reserves of EUR 85.4 million (previous year: EUR 85.4 million) are tied-up reserves.

#### (7.16) Retained earnings

The retained earnings consist of the Group's consolidated profit for the year and of the accumulated profits from previous periods. Retained earnings also include the revaluation of the net defined benefit liability of EUR -13.4 million (previous year: EUR -13.5 million), with the change of EUR 0.1 million (previous year: EUR -0.3 million) recognized in other comprehensive income.

No distribution is planned from the balance sheet profit of NOVOMATIC AG in accordance with the Austrian Commercial Code (UGB).

#### (7.17) Revaluation reserve

The revaluation reserve includes the revaluation of financial assets (FVTOCI) of EUR 66.4 million (previous year: EUR 27.4 million), with the change of EUR 39.0 million (previous year: EUR -15.9 million) recognized in other comprehensive income.

**(7.18) Currency translation adjustment**

Upon consolidation, differences from the translation of foreign subsidiaries at the exchange rates prevailing on the balance sheet date are transferred to this position. For the 2021 fiscal year, changes in the currency translation adjustment amount to EUR 15.4 million (previous year: EUR -28.1 million) in other comprehensive income.

**(7.19) Non-controlling interests**

Non-controlling interests consist of the interests in equity of consolidated subsidiaries held by other shareholders. The portion allocable to the non-controlling interests from change of foreign currency translation adjustments in the amount of EUR 3.4 million (previous year: EUR -2.8 million) is stated in other comprehensive income.

Subsidiaries with non-controlling interests:

EUR m	12/31/2021			12/31/2020		
	Non-controlling interests (%)	Net income attributable to non-controlling interests Profit / Loss	Accumulated non-controlling interest	Non-controlling interests (%)	Net income attributable to non-controlling interests Profit / Loss	Accumulated non-controlling interest
<b>Gaming Technology</b>						
Ainsworth Game Technology Limited, Australia	47.1%	8.9	108.1	47.1%	-26.5	95.9
<b>Gaming Operations</b>						
Admiralu Klubs SIA, Latvia	40%	-1.5	22.3	40%	-0.9	24.4
Alfor SIA, Latvia	40%	-5.4	5.2	40%	-5.1	10.8
Basque Gaming S.L., Spain				49%	1.8	30.7
<b>Other non-controlling interest</b>		<b>-2.7</b>	<b>7.0</b>		<b>-4.3</b>	<b>6.8</b>
		<b>-0.7</b>	<b>142.6</b>		<b>-35.0</b>	<b>168.5</b>

The amounts held as non-controlling interest correspond to the voting rights.

A summary of financial information regarding Group subsidiaries with significant non-controlling interests (before Group-internal elimination) is presented in the following table:

EUR m	12/31/2021		
	Ainsworth Game Technology Limited, Australia	Admiralu Klubs SIA, Latvia	Alfor SIA, Latvia
<b>Balance sheet</b>			
Non-current assets	177.9	58.0	27.4
Current assets	119.7	4.8	6.8
Non-current liabilities	38.7	4.5	8.5
Current liabilities	31.3	2.4	12.9
<b>Income statement</b>			
Revenues	118.9	1.4	11.1
Annual result	18.9	-3.7	-13.6
Dividends paid to non-controlling interest	0.0	-0.6	-0.2
<b>Cash flow</b>			
from operating activities	35.4	-0.6	-4.0
from investing activities	-7.5	-1.7	-3.6
from financing activities	-18.5	-2.9	0.8
Net change in cash and cash equivalents	9.4	-5.2	-6.8

EUR m	12/31/2020			
	Ainsworth Game Technology Limited, Australia	Admiralu Klubs SIA, Latvia	Alfor SIA, Latvia	Basque Gaming S.L., Spain
<b>Balance sheet</b>				
Non-current assets	169.3	59.4	33.3	73.9
Current assets	108.1	10.0	13.7	7.2
Non-current liabilities	26.2	6.3	12.9	16.7
Current liabilities	49.7	2.1	7.1	1.8
<b>Income statement</b>				
Revenues	68.9	10.7	36.3	10.2
Annual result	-56.4	-2.1	-12.7	3.6
Dividends paid to non-controlling interest	0.0	0.0	-4.8	0.0
<b>Cash flow</b>				
from operating activities	12.8	2.5	3.7	4.7
from investing activities	-28.9	-3.8	-3.9	0.9
from financing activities	3.9	-1.5	-15.1	-4.7
Net change in cash and cash equivalents	-12.3	-2.8	-15.4	0.9

**(7.20) Non-current financial liabilities**

EUR m	12/31/2021	12/31/2020
Bonds	498.1	497.0
Bank loans	602.6	663.8
Other long-term financial liabilities	12.3	6.0
<b>Total</b>	<b>1,113.0</b>	<b>1,166.8</b>

The long-term bond issued by NOVOMATIC AG has the following terms:

Nominal value	500 Mio. EUR
Term	2016 – 2023
Denomination	EUR 500.00
Normal interest rate	1.625% p.a.
Coupon	09/20 every year
Redemption	09/20/2023 bullet
Closing price 12/31/2021	EUR 99.1390
ISIN	AT0000A1LHT0

The bond is listed on the official market at the Vienna Stock Exchange. The fair value of bonds amounts to EUR 495.7 million (previous year: EUR 481.2 million).

The fair value of bank loans amounts to EUR 604.3 million (previous year: EUR 666.3 million). Bank loans with a term of between 1 and 5 years amount to EUR 602.6 million (previous year: EUR 654.8 million) and over 5 years to EUR 0.0 million (previous year: EUR 9.0 million).

The weighted average interest rate comes to 1.543 percent (previous year: 1.413 percent).

**(7.21) Non-current lease liabilities**

The non-current lease liabilities of EUR 504.1 million (previous year: EUR 477.3 million) result from the application of IFRS 16 Leases. The lease payments are divided into a repayment component and a financing component. The repayment portion is offset against the existing lease liabilities, while the financing component is recognized as interest expense in the income statement.

**(7.22) Non-current provisions**

EUR m	12/31/2021	12/31/2020
Provision for severance payments	44.6	40.6
Provision for pensions	12.6	13.6
Provision for jubilee payments	9.8	9.3
Other non-current provisions	7.5	13.9
<b>Total</b>	<b>74.6</b>	<b>77.4</b>

### Provision for severance payments

Due to legal or collectively agreed obligations employees in Austria and Italy are entitled to receive severance payments upon termination of employment or upon reaching normal retirement age. Such entitlements depend on their years of service and final compensation levels. For the future liabilities, provisions are generated according to actuarial principles. Measurement was made pursuant to IAS 19 using the projected unit credit method with an interest rate of 0.8 percent to 1.03 percent (previous year: 0.37 percent to 0.86 percent) and pay increase assumption of 0.8 percent to 2.5 percent (previous year: 1.0 percent to 2.5 percent). The estimated retirement age refers to the earliest possible retirement age according to local legislation. Discounts due to fluctuations or other circumstances were not included.

Development of the provision for severance payments:

EUR m	12/31/2021	12/31/2020
Balance as of 1/1	40.6	38.4
<b>Amounts recognized in income statement</b>		
Current service cost (+)	8.0	3.5
Interest cost (+)	0.2	0.1
<b>Remeasurement of the period (other comprehensive income)</b>		
Actuarial gains/losses from the change in demographic assumptions	0.3	0.1
Actuarial gains/losses from the change in financial assumptions	0.0	0.1
Payments (-)	-4.7	-1.4
Change in the consolidation scope	0.1	0.0
<b>Present value of obligation as of 12/31</b>	<b>44.6</b>	<b>40.6</b>

Sensitivity analysis for severance payments:

EUR m	Change of the parameter	Change in the present value of obligation 31.12.2021
Discount rate	0.5%	-1.1
Discount rate	-0.5%	1.1
Salary increase	0.5%	1.1
Salary increase	-0.5%	-1.1

As of December 31, 2021, the average maturity of severance obligations is 10 to 11 years (previous year: 10 to 11 years), depending on the country. Payments in the amount of EUR 6.4 million (previous year: EUR 5.5 million) are expected for the next fiscal year.

### Provision for Pensions

Due to individual agreements, some Group companies are obligated to accord a pension allowance to Executive Board members and employees beginning with the date of their retirement. The amounts of such entitlements depend on years of service and final compensation levels. Measurement was made pursuant to IAS 19 using the projected unit credit method with an interest rate of up to 0.9 percent (previous year: up to 0.6 percent) and a value adjustment of up to 1.75 percent (previous year: up to 1.75 percent).

Development of the provision for pensions:

EUR m	12/31/2021	12/31/2020
Balance as of 1/1	13.6	17.8
<b>Amounts recognized in income statement</b>		
Current service cost (+)	0.1	0.1
Interest cost (+)	0.1	0.1
Profits from settlement (-)	0.0	0.0
<b>Remeasurement of the period (other comprehensive income)</b>		
Actuarial gains/losses from the change in demographic assumptions	-0.5	0.0
Actuarial gains/losses from the change in financial assumptions	0.0	0.4
Payments (-)	-0.5	-4.9
<b>Present value of obligation as of 12/31</b>	<b>12.7</b>	<b>13.6</b>

Sensitivity analysis for pensions:

EUR m	Change of the parameter	Change in the present value of obligation
		31.12.2021
Discount rate	0.5%	-1.4
Discount rate	-0.5%	2.0
Pension increase	0.5%	0.9
Pension increase	-0.5%	-0.6

As of December 31, 2021, the average maturity of pension obligations is between less than 1 year and 14 years (previous year: between less than 1 and 14 years), depending on the country. Payments in the amount of EUR 0.5 million (previous year: are expected for the next fiscal year. EUR 0.5 million).

### Provision for Jubilee Payments

After a long period of service with the company, employees are entitled to jubilee payments arising from collective agreements. Jubilee payments were measured with an interest rate of 0.95 percent to 1.03 percent (previous year: 0.65 percent to 1.17 percent) and pay increase assumption of 2.0 percent to 4.0 percent (previous year: 2.0 percent to 4.0 percent). A fluctuation discount based on an internal statistic concerning withdrawals of the previous three years and considering probable individual continuance in the company until the jubilee payment is due was taken into account.

Development of the provision for jubilee payments:

EUR m	12/31/2021	12/31/2020
Balance as of 1/1	9.3	8.6
<b>Amounts recognized in income statement</b>		
Current service cost (+)	1.2	1.1
Interest cost (+)	0.7	0.1
Actuarial gains/losses	-0.9	-0.2
Payments (-)	-0.4	-0.3
Change in the consolidation scope	0.0	0.0
<b>Present value of obligation as of 12/31</b>	<b>9.8</b>	<b>9.3</b>

### Other Non-Current Provisions

The other non-current provisions essentially concern provisions for dismantling and restoration obligations, as well as anticipated losses from orders. The development of other non-current provisions is shown below:

EUR m	12/31/2021	12/31/2020
Balance as of 1/1	13.9	12.9
Currency translation adjustments	0.2	-0.2
Change in the consolidation scope	-0.1	0.0
Consumption	-4.4	-2.6
Disposal	-4.9	-3.2
Allocation	2.8	7.0
<b>Balance as of 12/31</b>	<b>7.6</b>	<b>13.9</b>

**(7.23) Other non-current liabilities**

EUR m	12/31/2021	12/31/2020
Deferred income	1.1	0.7
Other non-current liabilities	6.3	11.9
Purchase price obligations	14.6	4.0
<b>Total</b>	<b>22.1</b>	<b>16.6</b>

Other non-current liabilities mainly include gaming taxes and tax obligations, as well as deposits received.

Purchase price obligations cover contingent considerations from business combinations as well as purchase price components from business combinations not yet due.

**(7.24) Current financial liabilities**

EUR m	12/31/2021	12/31/2020
Bond	0.0	199.9
Current bank liabilities	316.8	104.1
Current financial liabilities	4.7	2.0
<b>Total</b>	<b>321.5</b>	<b>306.1</b>

NOVOMATIC AG paid the bullet bond (ISIN AT000A182L5) with an issue volume of EUR 200.0 million on time on June 23, 2021.

**(7.25) Current lease liabilities**

The current lease liabilities of EUR 109.0 million (previous year: EUR 112.6 million) result from the application of IFRS 16 Leases. The lease payments are divided into a repayment component and a financing component. The repayment portion is offset against the existing lease liabilities, while the financing component is recognized as interest expense in the income statement.

**(7.26) Current provisions**

EUR m	Other provisions for personnel	Warranties	Obligations for legal issues	Other short-term provisions	Total
Balance as of 1/1	9.6	1.8	4.2	31.1	46.7
Currency translation adjustments	0.1	0.0	0.0	0.5	0.6
Change in the consolidation scope	0.3	0.0	0.0	0.0	0.3
Utilization	-8.0	-1.1	-2.0	-17.2	-28.2
Disposal	-1.4	0.0	-1.6	-2.1	-5.1
Allocation	12.9	1.3	2.0	23.0	39.1
<b>Balance as of 12/31</b>	<b>13.4</b>	<b>2.0</b>	<b>2.7</b>	<b>35.3</b>	<b>53.5</b>

The other current provisions primarily relate to taxes and fees, as well as provisions for anticipated losses from orders.

**(7.27) Trade payables and other liabilities**

EUR m	12/31/2021	12/31/2020
Trade payables	84.8	75.0
Payables to non-consolidated affiliated companies	0.4	1.7
Contract liabilities	17.8	8.5
Reimbursement liability	5.3	5.9
Deferred income	32.7	31.3
Liabilities to employees	61.1	57.1
Other liabilities from social security obligations	10.1	11.1
Other tax liabilities, excluding income taxes	131.9	136.8
Purchase price obligations	25.6	48.9
Other short-term liabilities	44.6	44.0
<b>Total</b>	<b>414.4</b>	<b>420.5</b>

Deferred income consists mainly of special rent payments for slot machines and loyalty rewards for clients in Germany.

Other tax liabilities (excluding income taxes) mainly relate to sales taxes, gaming taxes and betting fees.

Purchase price obligations cover contingent considerations from business combinations, purchase price components from business combinations not yet due as well as obligations from written put options for non-controlling interests.

Other current liabilities consist mainly of deposits received, outstanding invoices, short-term clearing accounts, and accrued interest.

## (8) Notes to the Consolidated Income Statement

The income statement was prepared applying the total cost method.

### (8.1) Revenues

EUR m	2021	2020
Sales revenues	304.2	205.8
Income from slot machines	690.3	741.1
Live game	23.1	24.6
Income from rent and management services	415.8	393.4
Betting income	166.4	153.6
eBusiness income	246.2	214.5
Income from food and beverage	13.6	18.7
Other sales	53.2	47.1
Sales reduction	-70.3	-55.2
<b>Total</b>	<b>1,842.3</b>	<b>1,743.6</b>

Revenues are recognized at EUR 1,443.0 million (previous year: EUR 1,347.0 million) from contracts with customers and EUR 399.2 million (previous year: EUR 396.5 million) from other sources – rental revenues.

Revenue results from the fulfillment of performance obligations, which were recognized at a specific point in time with 1,407.3 million (previous year: EUR 1,330.6 million) and over a period of time with EUR 434.9 million (previous year: EUR 412.9 million). Revenues realized at a specific point in time are broken down as follows: EUR 393.4 million (previous year: EUR 278.3 million) attributable to the Gaming Technology segment, EUR 1,013.6 million (previous year: EUR 1,051.8 million) to the Gaming Operations segment, and EUR 0.3 million (previous year: EUR 0.5 million) to the Other segment. Revenues realized over a period of time are broken down as follows: EUR 412.8 million (previous year: EUR 391.6 million) attributable to the Gaming Technology segment, EUR 20.5 million (previous year: EUR 19.8 million) to the Gaming Operations segment, and EUR 1.6 million (previous year: EUR 1.5 million) to the Other segment.

### (8.2) Gaming taxes and betting fees

EUR m	2021	2020
Gaming taxes	-189.5	-196.5
Betting fees	-18.8	-18.3
<b>Total</b>	<b>-208.3</b>	<b>-214.8</b>

### (8.3) Changes in Inventories of Finished Goods and Work in Progress as well as Own Work Capitalized

EUR m	2021	2020
Changes in inventories of finished goods and work in progress	-28.0	0.1
Own work capitalized	73.8	73.0
<b>Total</b>	<b>45.7</b>	<b>73.1</b>

Own work capitalized consists mainly of internally produced electronic gaming machines.

**(8.4) Other operating income**

EUR m	2021	2020
Income from the disposal of tangible assets and property, plant and equipment	20.9	15.1
Foreign exchange gains	10.4	4.5
Sale of companies	0.0	3.3
Other operating income	216.3	54.0
<b>Total</b>	<b>247.6</b>	<b>76.9</b>

Income from the sale of companies is generated from the sale of fully consolidated subsidiaries.

Other operating income includes, in particular, government subsidies, write-ups to precious metals, charged costs, proceeds from tronc (voluntarily surrendered share of players' profits), insurance, charter services, and other ancillary income.

**(8.5) Cost of material and other purchased services**

EUR m	2021	2020
Cost of material	-176.9	-172.0
Purchased services	-12.6	-8.6
<b>Total</b>	<b>-189.5</b>	<b>-180.6</b>

**(8.6) Personnel Costs**

EUR m	2021	2020
Wages and salaries	-474.9	-477.4
Expenses for severance payments	-13.4	-9.3
Expenses for pensions	-4.3	-4.1
Expenses for mandatory social contributions and payroll-related taxes	-106.9	-111.3
Other social expenses	-8.6	-4.8
<b>Total</b>	<b>-608.2</b>	<b>-606.9</b>

Expenses for severance payments include EUR 0.9 million (previous year: EUR 0.4 million) and expenses for pensions include EUR 0.8 million (previous year: EUR 1.1 million) for defined contribution plans.

The average number of employees (headcount) developed as follows:

	2021	2020
Salaried employees	6,147	7,286
Workers	14,834	13,703
<b>Total</b>	<b>20,981</b>	<b>20,989</b>

**(8.7) Amortization, depreciation, impairment and reversal of impairment for intangible assets, property, plant and equipment, and investment property**

EUR m	2021	2020
Scheduled depreciation/amortization	-296.9	-336.2
Impairment	-39.0	-82.0
Reversal of an impairment	50.8	28.9
<b>Total</b>	<b>-285.0</b>	<b>-389.3</b>

The breakdown of the depreciation/amortization for the year according to the individual asset classes is shown in notes (7.1), (7.3) and (7.4).

Impairments are broken down as follows: EUR 19.5 million (previous year: EUR 33.4 million) attributable to the Gaming Technology segment, EUR 16.9 million (previous year: EUR 48.5 million) to the Gaming Operations segment, and EUR 2.7 million (previous year: EUR 0.2 million) to the Other segment. Impairment reversals are broken down as follows: EUR 17.3 million (previous year: EUR 16.9 million) attributable to the Gaming Technology segment, EUR 33.4 million (previous year: EUR 11.5 million) to the Gaming Operations segment, and EUR 0.0 million (previous year: EUR 0.5 million) to the Other segment.

**(8.8) Amortization, depreciation, impairment and reversal of impairment for right-of-use assets**

EUR m	2021	2020
Scheduled depreciation/amortization	-112.0	-127.3
Impairment	-29.2	-36.6
Reversal of an impairment	9.0	0.0
<b>Total</b>	<b>-132.2</b>	<b>-163.9</b>

The breakdown of the depreciation/amortization for the year according to the individual asset classes is shown in notes (7,2) and (7,4). Impairments are broken down as follows: EUR 2.7 million (previous year: EUR 1.2 million) attributable to the Gaming Technology segment and EUR 26.4 million (previous year: EUR 35.4 million) to the Gaming Operations segment. Write-ups of EUR 9.0 million (previous year: EUR 0.0 million) are attributable to the Gaming Operations segment.

**(8.9) Other Operating Expenses**

EUR m	2021	2020
Other taxes, fees and charges	-49.4	-56.8
Maintenance	-43.3	-47.7
Energy costs	-30.2	-28.7
Telephone, communications	-20.3	-18.0
Rental, lease and operating expenses	-22.2	-24.4
Insurance costs	-6.8	-6.2
Vehicle fleet operation costs	-12.4	-11.4
Legal, audit and consulting costs	-31.0	-32.5
Other services received	-32.1	-36.1
Advertising costs	-85.5	-77.0
Travelling costs	-7.1	-7.0
Development costs	-23.6	-28.6
License costs	-19.5	-18.6
Commissions	-16.6	-12.7
Partners' shares	-16.5	-18.0
Bad debt and valuation adjustment	-17.8	-31.1
Loss from the disposal of fixed asset	-6.3	-9.8
Security costs	-10.3	-15.6
Foreign exchange losses	-5.3	-20.7
Other expenses	-85.9	-84.4
<b>Total</b>	<b>-542.1</b>	<b>-585.3</b>

Other expenses include, in particular, outgoing freight, charged costs, various services, fees for money transactions, contributions, and administrative costs.

**(8.10) Interest income**

EUR m	2021	2020
Interest income	4.5	5.3
Interest income from finance lease	2.3	1.8
<b>Total</b>	<b>6.8</b>	<b>7.1</b>

**(8.11) Other financial income**

EUR m	2021	2020
Dividends from other investments	11.6	21.0
Other financial income	5.4	6.5
<b>Total</b>	<b>17.0</b>	<b>27.5</b>

Dividends from other investments amounted to EUR 8.6 million (previous year: EUR 16.7 million) from financial investments and to approximately EUR 3.0 million (previous year: EUR 4.2 million) from other investments.

**(8.12) Interest expenses**

EUR m	2021	2020
Interest expenses	-19.2	-11.5
Interest expenses on bonds	-11.2	-14.6
<b>Total</b>	<b>-30.5</b>	<b>-26.1</b>

**(8.13) Interest expenses for leases**

EUR m	2021	2020
Interest expenses for leases	-25.1	-23.0
<b>Total</b>	<b>-25.1</b>	<b>-23.0</b>

**(8.14) Other financial expenses**

EUR m	2021	2020
Losses from the disposal of financial assets	-0.1	-0.4
Impairment on financial assets, loans and securities	-0.9	-5.7
Other financial expenses	-13.2	-5.5
<b>Total</b>	<b>-14.2</b>	<b>-11.6</b>

**(8.15) Currency exchange gains/losses from intra-group financing**

Foreign currency effects resulting from intra-group financing are stated separately in this item because of their close connection to financing activities. Currency exchange gains and losses from intra-group financing amount to EUR 4.0 million (previous year: EUR -5.8 million).

**(8.16) Taxes on Income**

EUR m	2021	2020
Current income tax expenses	-54.3	-21.1
Current income tax relating to other periods	-2.6	-0.8
Deferred tax income/expense	-7.2	36.1
<b>Total</b>	<b>-64.1</b>	<b>14.3</b>

The reconciliation of the income tax expense using the Austrian corporate income tax rate of 25 percent (previous year: 25 percent) to the effective tax rate for the 2021 fiscal year is as follows:

EUR m	2021	2020
<b>Earnings before taxes</b>	<b>129.0</b>	<b>-279.0</b>
<b>Computed income tax of 25 percent (previous year: 25 percent)</b>	<b>-32.3</b>	<b>69.8</b>
<b>Adjustment of the computed income tax</b>		
Adjustments for differing foreign tax rates	-4.5	-6.5
Effects of non-taxable income	6.1	6.7
Effects of non-deductible expenses	-15.1	-13.5
Effects of tax advantages	3.0	1.2
Actual income tax relating to other periods	-1.1	-1.1
Effects of change in tax rate on deferred taxes	-8.2	0.3
Effects of initially not recognized and unused tax losses and possible offsets on the actual income tax	0.7	0.2
Effects of initially not recognized and unused tax losses and possible offsets on the deferred income tax	1.5	7.1
Effects of adjustments or of the reversal of a previous adjustment of a deferred tax asset	-2.4	-1.7
Effects of unused tax losses carry forward and possible offsets not recognized as deferred taxes	-14.1	-56.6
Withholding tax	-0.4	-0.3
Other	2.5	8.8
<b>Effective income taxes</b>	<b>-64.1</b>	<b>14.3</b>
Effective income tax rate	49.7%	5.1%

Income taxes included in the other comprehensive income:

EUR m	2021	2020
Revaluation of financial assets (FVTOCI)	-10.7	5.3
Remeasurement of the net defined benefit liability	-0.1	0.1

#### (8.17) Non-current assets and disposal groups held for sale and liabilities directly related to non-current assets and disposal groups held for sale, as well as result from discontinued operations

The NOVOMATIC Forum in Vienna and an undeveloped property in Las Vegas, Nevada, which were reported as non-current assets held for sale of EUR 18.5 million in the previous year, were sold in 2021.

## (9) Notes on the Cash Flow Statement

Cash flow from operating, investing and financing activities is shown separately in the consolidated cash flow statement. The consolidated cash flow statement was prepared in accordance with the indirect method. Liquid funds correspond to cash and cash equivalents as well as bank balances stated on the balance sheet.

The Group undertook the following non-cash investing and financing activities that are not reflected in the cash flow statement: Liabilities or charges from the acquisition of companies of EUR 0.3 million (previous year: EUR 5.1 million). The recognized right-of-use assets and lease liabilities constitute non-cash items to begin with. Only the ongoing lease payments lead to an outflow of funds, which is shown in the cash flow statement under financing activities. Open lease liabilities amounted to EUR 613.1 million (previous year: EUR 589.9 million).

## (10) Notes on Segment Reporting

For management purposes, the NOVOMATIC-Group is divided into two business segments. These strategic segments form the basis for the segment reporting.

The "Gaming Technology" segment includes the production, sale and rental of gaming and entertainment machines, and the online B2B business.

The "Gaming Operations" segment consists of the operation of casinos and electronic gaming machine casinos, the betting business (in particular sports and horse-racing betting), and the online B2C business.

The valuations for the segment reporting correspond to the accounting policies used for the IFRS consolidated financial statement. Those assets and liabilities that are not directly related to the gaming operation are summarized under the "Other" segment. Reconciliation comprises adjustments due to the consolidation.

The inter-segment exchange of goods and services shows the supply and service relationships between the operating segments. The charging is carried out at arm's length. Intercompany expenses, income and profits are eliminated in the reconciliation of segment revenues and/or segment results to the amounts disclosed in the consolidated financial statement.

Segment assets consist mainly of intangible assets, right-of-use assets, property, plant and equipment, inventories, trade receivables, and cash balances. In line with the internal reporting system and segment management, intra-group leases are not recognized for the lessee, but are instead carried as expenses for the period. Segment liabilities consist mainly of trade payables, lease liabilities, provisions, and deferred income. During the reconciliation of the segment assets and liabilities, intercompany receivables and liabilities are eliminated as part of the consolidation of debts.

Unallocated assets and/or debts comprise those items on the balance sheet that are not defined as segment assets or segment debts and are used for the reconciliation with the consolidated value.

## Segment Revenues

EUR m					2021
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
External revenues	806.2	1,034.1	1.9	0.0	1,842.3
Inter-segment revenues	119.7	13.1	7.3	-140.0	0.0
<b>Total revenues</b>	<b>925.9</b>	<b>1,047.2</b>	<b>9.2</b>	<b>-140.0</b>	<b>1,842.3</b>

EUR m					2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
External revenues	670.0	1,071.6	2.0	0.0	1,743.6
Inter-segment revenues	125.6	10.1	6.9	-142.6	0.0
<b>Total revenues</b>	<b>795.6</b>	<b>1,081.7</b>	<b>8.9</b>	<b>-142.6</b>	<b>1,743.6</b>

## Segment Result

EUR m					2021
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
<b>Segment result (EBIT)</b>	<b>152.9</b>	<b>27.6</b>	<b>-2.5</b>	<b>-7.7</b>	<b>170.3</b>
Financial result					-41.3
Earnings before taxes					129.0
Income taxes					-64.1
<b>Net result from continued operations</b>					<b>64.9</b>

EUR m					2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
<b>Segment result (EBIT)</b>	<b>-45.4</b>	<b>-199.3</b>	<b>0.7</b>	<b>-3.4</b>	<b>-247.3</b>
Financial result					-31.7
Earnings before taxes					-279.0
Income taxes					14.3
<b>Net result from continued operations</b>					<b>-264.7</b>

## Segment Assets and Liabilities

EUR m						2021
	Gaming Technology	Gaming Operations	Other	Reconciliation	Not-Allocated Assets/Liabilities	Total
Segment assets	1,381.6	1,740.3	80.4	-156.9	899.0	3,944.3
Segment liabilities	397.3	883.0	12.1	-154.9	1,634.6	2,772.0

EUR m						2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Not-Allocated Assets/Liabilities	Total
Segment assets	1,390.0	1,641.7	76.0	-160.3	866.2	3,813.6
Segment liabilities	431.9	818.5	6.1	-158.9	1,660.7	2,758.4

## Other Segment Information

EUR m					2021
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
Scheduled depreciation/amortization	-179.4	-226.2	-3.3	0.0	-408.9
Impairment	-22.2	-43.3	-2.7	0.0	-68.2
Reversal of an impairment	42.3	17.5	0.0	0.0	59.8
Investments	119.3	114.5	8.9	0.0	242.7
Investments in right-of-use assets	11.8	143.8	0.0	0.0	155.6
Investments through business combinations	0.1	43.8	0.0	0.0	43.9
Income from associates	0.0	0.0	0.6	0.0	0.6
Carrying amount of associated companies	0.0	0.0	2.8	0.0	2.8

EUR m					2020
	Gaming Technology	Gaming Operations	Other	Reconciliation	Total
Scheduled depreciation/amortization	-209.9	-250.7	-3.0	0.0	-463.6
Impairment	-34.6	-83.8	-0.2	0.0	-118.6
Reversal of an impairment	16.9	11.5	0.5	0.0	28.9
Investments	105.9	111.5	5.6	0.0	223.0
Investments in right-of-use assets	4.0	91.4	0.1	0.0	95.5
Investments through business combinations	22.8	30.0	0.0	0.0	52.8
Income from associates	0.0	0.0	0.3	0.0	0.3
Carrying amount of associated companies	0.0	0.0	2.2	0.0	2.2

## Geographical Information

The Group recorded the following revenues and assets in the individual regions:

EUR m											2021
	Austria	Germany	Italy	United Kingdom	Spain	Netherlands	Eastern Europe	Other countries	Online	Non-allocated assets	Total
Gaming Technology	41.0	261.4	78.2	14.2	43.6	5.3	93.8	163.0	105.8	-	806.2
Gaming Operations	180.2	203.4	120.3	142.1	73.9	38.7	176.4	0.0	99.1	-	1,034.1
Other	0.0	0.9	0.0	0.4	0.0	0.0	0.0	0.6	0.0	-	1.9
<b>Revenues</b>	<b>221.1</b>	<b>465.7</b>	<b>198.5</b>	<b>156.7</b>	<b>117.5</b>	<b>44.0</b>	<b>270.1</b>	<b>163.6</b>	<b>204.9</b>	<b>-</b>	<b>1,842.3</b>
<b>Assets</b>	<b>450.4</b>	<b>593.2</b>	<b>341.8</b>	<b>402.2</b>	<b>278.6</b>	<b>103.3</b>	<b>419.4</b>	<b>367.2</b>	<b>89.2</b>	<b>899.0</b>	<b>3,944.3</b>

EUR m											2020
	Austria	Germany	Italy	United Kingdom	Spain	Netherlands	Eastern Europe	Other countries	Online	Non-allocated assets	Total
Gaming Technology	36.7	259.9	73.5	9.3	33.2	6.0	62.6	102.0	86.7	-	670.0
Gaming Operations	207.4	273.1	112.0	101.5	55.9	50.4	170.5	0.0	100.9	-	1,071.6
Other	0.0	0.9	0.0	0.4	0.0	0.0	0.0	0.8	0.0	-	2.0
<b>Revenues</b>	<b>244.1</b>	<b>533.9</b>	<b>185.5</b>	<b>111.2</b>	<b>89.1</b>	<b>56.4</b>	<b>233.1</b>	<b>102.7</b>	<b>187.7</b>	<b>-</b>	<b>1,743.6</b>
<b>Assets</b>	<b>444.3</b>	<b>623.2</b>	<b>330.1</b>	<b>335.7</b>	<b>283.9</b>	<b>112.8</b>	<b>388.3</b>	<b>358.9</b>	<b>70.2</b>	<b>866.2</b>	<b>3,813.6</b>

Revenues are allocated to the individual regions based on the domicile of the company recording such revenues. The geographical region Online includes all companies whose business activities are mainly or exclusively in the online area.

**(11) Notes on Financial Instruments**

12/31/2021		Measurement acc. to IFRS 9				
Mio. EUR	Financial assets and financial liabilities at fair value through profit or loss			Financial assets at fair value through other comprehensive income		
	Holdings in non-consolidated entities and securities	Derivatives	Purchase price obligations (contingent considerations)	Investments	Financial investments	Securities
<b>Financial assets</b>						
Non-current financial assets	10.4			24.6	162.5	26.0
Other non-current assets						
Trade receivables, other receivables and assets						
Current financial assets		0.1				1.1
Cash and cash equivalents						
<b>TOTAL</b>	<b>10.4</b>	<b>0.1</b>	<b>0.0</b>	<b>24.6</b>	<b>162.5</b>	<b>27.1</b>
<b>Financial liabilities</b>						
Non-current financial liabilities						
Other non-current liabilities			1.2			
Current financial liabilities						
Trade payables and other liabilities			2.3			
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>3.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

12/31/2020		Measurement acc. to IFRS 9				
EUR m	Financial assets and financial liabilities at fair value through profit or loss			Financial assets at fair value through other comprehensive income		
	Holdings in non-consolidated entities and securities	Derivatives	Purchase price obligations (contingent considerations)	Investments	Financial investments	Securities
<b>Financial assets</b>						
Non-current financial assets	4.1			28.2	125.6	19.8
Other non-current assets						
Trade receivables, other receivables and assets						
Current financial assets	0.0	0.3				1.6
Cash and cash equivalents						
<b>TOTAL</b>	<b>4.1</b>	<b>0.3</b>	<b>0.0</b>	<b>28.2</b>	<b>125.6</b>	<b>21.4</b>
<b>Financial liabilities</b>						
Non-current financial liabilities						
Other non-current liabilities			3.0			
Current financial liabilities		0.0				
Trade payables and other liabilities			2.1			
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>5.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Measurement acc. to IFRS 9

## Financial assets and financial liabilities at amortized cost

Cash and cash equivalents	Trade receivables and Lease	Loans	Bonds	Bank Liabilities	Lease Liabilities	Trade payables	Other receivables and liabilities	Purchase price obligations (written put options)
	49.6	26.0					21.1	
	255.4						79.8	
	8.1	3.6					0.2	
563.0								
<b>563.0</b>	<b>313.1</b>	<b>29.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>101.1</b>	<b>0.0</b>
		4.0	498.1	602.6	504.1		8.4	
							19.0	0.0
		0.1	0.0	316.8	109.0		4.6	
						85.1	59.0	9.0
<b>0.0</b>	<b>0.0</b>	<b>4.1</b>	<b>498.1</b>	<b>919.4</b>	<b>613.1</b>	<b>85.1</b>	<b>91.0</b>	<b>9.0</b>

Measurement acc. to IFRS 9

## Financial assets and financial liabilities at amortized cost

Cash and cash equivalents	Trade receivables and Lease	Loans	Bonds	Bank Liabilities	Lease Liabilities	Trade payables	Other receivables and liabilities	Purchase price obligations (written put options)
	45.3	26.0					40.5	
	196.6						53.3	
	11.3	3.7					0.6	
531.8								
<b>531.8</b>	<b>253.2</b>	<b>29.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>94.4</b>	<b>0.0</b>
		0.3	497.0	663.8	477.3		5.7	
							11.8	0.0
		0.1	199.9	104.1	112.6		1.9	
						76.1	46.1	45.4
<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>696.9</b>	<b>767.9</b>	<b>589.9</b>	<b>76.1</b>	<b>65.6</b>	<b>45.4</b>

## Valuation of Financial Instruments

For financial instruments, the following tables show the carrying amounts and the fair values of the individual financial assets and liabilities by category in accordance with IFRS 9.

### a) Fair Value of Financial Assets and Liabilities Carried at Regularly Evaluated Fair Value

For financial reporting purposes, some of the Group's assets and liabilities are measured at fair value in accordance with the fair value hierarchy.

EUR m	12/31/2021	12/31/2020	Hierarchy
<b>Financial assets</b>			
Holdings in non-consolidated entities	10.4	4.1	Level 3
Investments – Other	24.6	28.2	Level 3
Investments – Financial investments	162.5	125.6	Level 3
Securities – Equity instruments	26.0	20.7	Level 1
Securities – Debt instruments	1.1	0.7	Level 1
Securities – Investment funds	0.0	0.0	Level 1
Derivatives (positive market values)	0.1	0.3	Level 2
<b>Financial liabilities</b>			
Derivatives (negative market values)	0.0	0.0	Level 2
Purchase price obligations – Contingent considerations	3.6	5.1	Level 3

Shares in non-consolidated affiliated companies are recognized in the income statement at fair value through profit or loss and other equity interests are recognized at fair value in other comprehensive income with no effect on income. The valuation is based on recognized income approaches. The underlying cash flows from the multi-year plan are discounted using a country-specific interest rate.

The financial investments include the indirectly held 9.45 percent interest in Österreichische Lotterien Gesellschaft m.b.H. (ÖLG). For the market value measurement, internally created company valuations were used, applying recognized multiplier methods. An industry multiple derived from a peer group of seven international lottery companies was applied. The main input factor for this is the average ratio of enterprise value (EV) to EBITDA or to EBIT for the selected peer group which is based on current market data and represents the average market capitalization. At the time of submitting the offer or acquiring the interest, the EV/EBITDA multiplier was 7.83 and the EV/EBIT multiplier 8.89. The updated determination of the stated multipliers led to an EV/EBITDA multiplier of 9.13 and an EV/EBIT multiplier of 11.77. Firstly, the pro-rated EBITDAs and EBITs of ÖLG and its (sub-)subsidiaries from the most recent financial information were calculated using these two multipliers. The entity value so calculated was increased by the net financial assets or reduced by the net financial liabilities, and adjusted for the pro rata equity of subordinated investments. Based on this equity 100 percent of the shares, the proportional market value for the 9.45 percent investment was determined. This remeasurement of financial investments was recorded in equity, resulting in a revaluation of around EUR 36.9 million which had no impact on income in the current reporting period. An increase in the multiplier by 0.5 would lead to an increase in the fair value by EUR 6.9 million, and an increase in the underlying EBITDA/EBIT of the valuation item by 10 percent would result in an increase in the fair value of around EUR 15.4 million.

Securities relate to listed equity instruments (e.g. shares) or debt instruments (e.g. bonds). For the valuation, the bid prices quoted on an active market (e.g. stock market) are used.

The Group has designated the aforementioned equity instruments – other investments, financial investments and securities – at fair value through equity in other comprehensive income. These equity instruments relate to financial investments that the Group intends to hold for strategic purposes.

The derivative financial instruments (to hedge future foreign exchange cash flows) comprise forward currency contracts, the fair value of which is ascertained using the discounted cash flow method. For this, the future cash flows determined as of the valuation date are discounted using suitable discount rates with matching maturities (observable interest rate curves on the balance sheet date or the most recently applicable interest rate curve prior to the balance sheet date (December 31, 2021)). Market valuations of derivative financial instruments are carried out by the Group's own treasury management system, as well as the banks involved. The market value of derivatives corresponds to the value that the individual company would receive or have to pay if the contract was settled as of the balance sheet date. Changes in fair value are recorded in profit and loss.

To hedge financial risks, the NOVOMATIC Group entered into the following derivative contracts:

EUR m	12/31/2021		12/31/2020	
	Nominal value	Market value	Nominal value	Market value
USD forward contract – positive market value	1.9	0.1	8.7	0.3
USD forward contract – negative market value	0.0	0.0	1.5	0.0
<b>Total</b>	<b>1.9</b>	<b>0.1</b>	<b>10.1</b>	<b>0.3</b>

For USD forward contracts, the change in fair value is recognized in the income statement.

The contingent considerations from business combinations result from the contractual obligations of the acquiring Group company to pay an additional purchase price to the seller if certain contractually agreed financial performance indicators (e.g. revenue or EBITDA goals) are reached within a certain period after closing. The valuation of the obligations from contingent purchase prices is based on updated revenue and/or EBITDA estimates. The contingent considerations are shown in the balance sheet with EUR 1.2 million (previous year: EUR 3.0 million) under the other non-current liabilities (purchase price obligations) and with EUR 2.3 million (previous year: EUR 2.1 million) under the other current liabilities (purchase price obligations).

### b) Fair Value of Financial Assets and Liabilities Not Carried at Fair Value Regularly, Whereby the Fair Value Has to Be Disclosed

For financial instruments valued at cost, the following table provides an overview of the book values as well as the corresponding fair values:

EUR m	12/31/2021		12/31/2020		Hierarchy
	Book value	Fair value	Book value	Fair value	
<b>Financial liabilities</b>					
Bonds	498.1	495.7	696.9	681.6	Level 1
Bank liabilities	919.4	921.9	767.9	770.5	Level 2

For the fair value of the bonds, the stock market price on the valuation date or the last valid market price prior to the balance sheet date (December 31, 2021) was used. The market value of bank obligations is determined by discounting future fixed cash flows related to these obligations at the market interest rate on the balance sheet date.

For cash, trade receivables, trade payables, other current receivables and other current liabilities, the fair value roughly corresponds to the carrying amount due to the short residual maturities.

For loans and borrowings, as well as other non-current financial receivables and liabilities, no major deviations between fair value and carrying amount are assumed. The default risk is taken into consideration through the application of valuation allowances.

### Net Result by Category

EUR m	12/31/2021			Subsequent measurement	
	Allowances	at fair value through income statement	at fair value through other comprehensive income	Disposal results	Net results
Financial assets measured at amortized cost	-14.9				-14.9
Financial assets measured at fair value through profit or loss		1.7			1.7
Financial assets measured at fair value through other comprehensive income			42.9	0.0	42.9
Financial liabilities measured at fair value through profit or loss		-0.2			-0.2

EUR m	12/31/2020			Subsequent measurement	
	Allowances	at fair value through income statement	at fair value through other comprehensive income	Disposal results	Net results
Financial assets measured at amortized cost	-34.6				-34.6
Financial assets measured at fair value through profit or loss		-1.4			-1.4
Financial assets measured at fair value through other comprehensive income			-2.1	0.0	-2.1
Financial liabilities measured at fair value through profit or loss		0.6			0.6

## Capital Risk Management

The purpose of capital risk management is the active control of the capital structure of the entire NOVOMATIC Group as well as the individual Group companies. It ensures the maintenance of an appropriate equity ratio in order to reduce debt costs and the safeguarding of sustained profitability so that all Group companies and the entire NOVOMATIC Group are able to operate under the going concern principle.

The development of the capital structure is supervised by means of the equity ratio and the ratio of net indebtedness to EBITDA. These ratios are regularly quantified at the company and Group level, and reported on a biannual basis at least to the Executive Board, which uses those ratios, in addition to other key figures, to guide further corporate development.

The equity ratio is calculated as the ratio of equity to balance sheet total. Equity consists of the issued capital, capital reserves, retained earnings, as well as the revaluation reserve plus currency translation adjustments and non-controlling interests.

Net debt is calculated as the sum of current and non-current financial liabilities, as well as lease liabilities, less cash and cash equivalents, precious metals, and exchange-traded securities. The debt ratio is calculated accordingly as the ratio of net debt to earnings before interest, taxes, depreciation and amortization (EBITDA).

The equity ratio and the ratio of net indebtedness to EBITDA as per December 31, 2021, and as per December 31, 2020, are calculated as follows:

	2021	2020
Equity ratio (equity/balance sheet total)	29.7%	27.7%
Net debt to EBITDA (net debt/EBITDA)	2.4	4.8

Due to its contractually agreed financial covenants, the NOVOMATIC Group is required in its major financing agreements to maintain an equity ratio of at least 15.0 percent and net debt in relation to the EBITDA of not more than 4.625x. The financing agreements provide for certain adjustments to the above standard calculation when determining these two ratios. Taking into account this adjusted calculation, the NOVOMATIC Group has complied with the contractually agreed financial covenants as of December 31, 2021.

An adjustment of the key financial figure net debt to EBITDA was agreed with the lenders in February 2021 for the main financing agreements of NOVOMATIC AG up to and including June 29, 2022 (waiver) as a result of the decline in earnings brought on by the COVID-19 pandemic, which has been ongoing since March 2020. These key financial figures are linked to various economic consequences, ranging from interest rate conditions to lender termination rights. In the context of these loans, a maximum level of 7.0x was agreed for the key financial figure net debt / EBITDA for the test dates of December 31, 2020, June 30, 2021 and December 31, 2021, and the need to comply with the key figure at all times between the time times was completely suspended. The equity ratio was left unchanged by the waiver at a minimum of 15 percent. Each lender gave its consent to the required contract amendments, resulting in a 100 percent lender consent rate.

In October 2015, NOVOMATIC AG received a rating for the first time from the ratings agency Standard & Poor's (S&P) and consistently held an investment grade rating until June 2019. On December 9, 2020 (last rating change), S&P downgraded NOVOMATIC AG's rating by one notch from BB+ with negative outlook to BB with negative outlook. The primary reason given by S&P for the rating change was the continued high level of uncertainty caused by the prevailing COVID-19 pandemic and the resulting negative impact on the business activities and profitability of the NOVOMATIC AG Group. The current rating BB (negative outlook) was confirmed by the rating agency S&P on June 16, 2021.

## Financial Risk Management

The NOVOMATIC Group controls, monitors and limits the financial risks associated with the business segments in which it is active. Control of financial risks is supported by a treasury management system that is established in the industrial and bank sector. The financial risks relevant to the Group are monitored on a regular basis and, if necessary, collateralized via suitable measures and instruments (e.g. derivative financial instruments such as interest rate swaps and forward currency contracts) to reduce the risk resulting from the underlying transaction.

The identification, analysis and assessment of financial risks as well as the analysis and selection of potential hedging instruments to be used are tasks that are generally performed by the Group Treasury. The Executive Board has the final say on which (if any) derivative financial instruments are selected and used. Any use of derivative financial instruments at the Group company level is coordinated in advance with Group Treasury in accordance with the Group policy and must be approved in advance by the Executive Board.

## Liquidity Risk

Liquidity or financing risk is the risk associated with remaining solvent at any given moment and/or having the ability to obtain the necessary funds from investors at arm's length so as to fulfill any due obligations on time and to provide intercompany financing and guarantees for internal Group purposes. Furthermore, the need for cash in the gaming industry is high, especially in terms of cash in the company's own gaming arcades. Therefore, part of the indicated cash comprises base filling of the slot machines and cash reserves in the gaming arcades.

A short-term and a long-term continuous liquidity plan is compiled based on the results of the Group's strategy and planning processes in order to provide an up-to-date impression of the expected development of liquidity at the Group level. Medium-term and long-term liquidity and financing needs of the NOVOMATIC Group are determined based on projected future cash flows.

Thanks to the NOVOMATIC Group's conservative financing and debt policy, as well as the conservative investment policy, the NOVOMATIC Group's liquidity risk throughout the Group is limited. Even so, the NOVOMATIC Group accords high priority to the topic of liquidity risk and its control. In order to guarantee the Group's solvency and financial flexibility at all times, the Group maintains a liquidity reserve in the form of revolving usable credit lines, short-term overdrafts, bank deposits payable on demand, and short-term investments.

As of December 31, 2021, EUR 385.0 million of the EUR 1.0 billion syndicated revolving usable credit line with a term until March 1, 2024 was utilized and EUR 615.0 million was freely available. In addition, a bilateral overdraft facility in the amount of EUR 10.0 million was drawn in July 2021 and was utilized to this extent as of December 31, 2021.

A promissory note bond in the amount of EUR EUR 1.5 million was repaid ahead of schedule in March 2021. A bond in the amount of EUR 200.0 million was repaid on schedule in June 2021. For this purpose, short-term refinancing in the amount of EUR 100.0 million was raised in March 2021.

Additional short-term financing in the amount of EUR 140.0 million was raised in November 2021.

The following table shows all payments for redemptions and interest from financial liabilities including derivative financial instruments that had been contractually fixed as of the consolidated balance sheet date. Derivative instruments are shown at their market value, whereas the other liabilities are shown in the amount of the non-discounted cash flows for the following financial years:

EUR m	Current year		Previous year	
	2022	2023–2026	2021	2022–2025
Bonds	8.1	508.1	214.1	516.3
Bank loans	325.5	615.3	108.6	665.5
Lease liabilities	131.1	370.7	132.5	319.6
Trade payables	85.1	0.0	76.1	0.0
Loans	0.1	4.0	0.1	0.3
Derivatives	0.0	0.0	0.0	0.0
Purchase price obligations	11.3	1.2	47.5	3.0
Other payables	63.6	27.4	48.0	17.5

## Counterparty Risk

Counterparty risk constitutes the risk of delay or default in payment by any contractual partners. In the NOVOMATIC Group's financing activities, credit relationships with banks and insurance companies that can boast appropriately high ratings (at least an investment grade rating from S&P, Moody's or Fitch) predominate.

To screen the default risk for financial investments (i.e. bank balances, money market investments, capital market investments, securities) and for derivative financial instruments (i.e. positive market value of derivatives), the NOVOMATIC Group works to ensure that funds are evenly distributed and any non-diversification risks avoided.

Apart from financing, the NOVOMATIC Group is also exposed to counterparty credit risk in the area of sales, since customers might not fulfill their payment obligations in full or when they are due. The default risk is in some cases reduced even further via additionally demanded collateral such as e.g. received deposits or documentary letters of credit for exports. This applies in particular to new customers. Additionally, contractually secured reservations of title, advance payment in part or in full, direct debiting and requiring shorter payment terms, attempt to further minimize the risk to which the NOVOMATIC Group is exposed. Thanks to the high number of external customers, there is currently no material concentration of default risk.

The maximum risk in cases of default on receivables from customers to third parties and loans to business partners is limited to their carrying amount. For other financial assets (cash and cash equivalents, investments, other financial instruments with the exception of derivatives), the maximum credit risk in the event of counterparty default is likewise the carrying amount of these financial instruments. For derivative financial instruments, the maximum credit risk in cases of default is equivalent to the positive fair value of the derivative as of the valuation date.

## Market Risk

### a) Interest Rate Risk

In the context of its financing and investment activities, the NOVOMATIC Group is exposed to risk related to changes in interest rates. Interest rate fluctuations can have a positive or negative effect on the value of financial instruments (present value risk) as well as on the resulting cash flows (cash flow risk). For risk reasons, attention is paid to a balanced fixed interest rate balance sheet or a balanced mix of variable and fixed interest rates with short and long-term interest rates in order to avoid non-diversification risks.

In order to limit interest rate risks, current interest rate developments are monitored on an ongoing basis and, if necessary, interest rate risks are hedged with suitable measures, including derivative instruments such as interest rate swaps, interest rate options, etc. Given the high level of fixed-interest financial liabilities held by the NOVOMATIC Group (2021 average around 57 percent; 2020 average around 59 percent) and given the current and foreseeable future development of interest rates the risk posed to cash flow by rising interest rates is limited.

In the past, attention was paid primarily to the risk and hedging of rising lending rates by means of fixed-rate financial liabilities. Maintaining a balanced relationship between variable-interest financial liabilities and financial assets has also, in the past, served as a largely natural hedge of the interest rate risk for variable-rate financial instruments.

The widespread introduction of interest rate floors for floating-rate EUR financial liabilities on the one hand and the widespread introduction of deposit custody fees (negative interest rates) for floating-rate EUR financial assets on the other have increasingly eroded this natural hedge and even since put an end to it altogether.

The current interest rate landscape now requires even more work to manage interest rate risk, in particular to manage the liquidity reserve required from a risk perspective. Group Treasury attempts to manage the liquidity reserve available at short notice (financial assets and financial liabilities) in such a way that solvency can be guaranteed at all times thereby hedging the liquidity risk on the one hand and the interest rate risk for variable-rate financial assets in particular on the other. Efforts are also made to minimize as far as possible the interest costs arising from the utilization of credit lines and the deposit custody fees payable for the liquidity reserve held.

The basis for the use of derivative hedging instruments is a Group-wide guideline defined by the Executive Board. Derivative financial instruments are only used to hedge against financial risks arising from an existing or highly probable future underlying transaction (e.g. a variable-rate loan) and are not taken out for speculative purposes or to generate a business contribution.

The following schedule shows the impact of potential interest rate changes (+/ 50 basis points) on earnings before taxes and on equity based on reasonable judgment. The interest rate sensitivity analysis includes the effects of variable-rate bank liabilities and bank deposits, as well as the derivatives contracts as per the reporting date. The calculation simulated an interest rate increase of 50 basis points for variable rate bank liabilities, variable interest bank deposits and payments from derivatives. Although a potential interest rate reduction of 50 basis points was also simulated for the variable-rate bank liabilities, approximately 69 percent of the variable-rate bank liabilities have an agreed interest rate floor of 0.0 percent as at the balance sheet date December 31, 2021 (approximately 65 percent as of December 31, 2020), which means that a potential interest rate reduction would have no effect on these variable-rate financial liabilities.

EUR m	2021		2020	
	+50 basis points	-50 basis points	+50 basis points	-50 basis points
Change (in basis points)				
Change in earnings before taxes	-0.8	-1.2	-1.1	-1.0
Change in equity	-0.6	-0.9	-0.8	-0.7

The average weighted interest rate for funds borrowed by the NOVOMATIC Group (across all currencies) was 1.543 percent p.a. in the 2021 fiscal year (2020: 1.413 percent p.a.). The weighted average interest rate for variable-rate financing was 1.253 percent p.a. in 2021. (2020: 0.766 percent p.a.) and the average 3M-EURIBOR (market interest rate) was 0.549 percent p.a. in 2021 (2020: -0.427 percent p.a.). The average weighted interest rate for fixed-rate financing was 1.764 percent p.a. in 2021 (2020: 1.942 percent p.a.).

The development of EUR money and capital market interest rates (annual average) over the last five years has been persistently negative (e.g. 3M EURIBOR from -0.264 percent (2016) to -0.549 percent (2021) or 5Y swap rate from 0.008 percent (2016) to -0.262 percent (2021)). The development of the ECB interest rate on the deposit facility has been consistently negative since June 2007 (e.g. from -0.1 percent (2014) to -0.5 percent (2021)). A further 0.5 percent reduction in interest rates within the next fiscal year 2022 is rather unrealistic in the current view of the market. The sharp rise in inflation rates since 2021, caused by pandemic-related supply chain problems and skyrocketing energy prices, in Europe but also globally, is increasing the pressure on central banks to act. Among others, the Federal Reserve Bank (FED) in the United States, the Bank of England (BoE) in the United Kingdom and other central banks have already initiated a reversal of the expansionary monetary policy (quantitative easing) (i.e. reduction of the current securities purchase programs or interest rate hikes) or announced it for 2022. The ECB has not yet been able to bring itself to raise interest rates and assumes that inflation will be a temporary phenomenon. According to ECB President Christine Lagarde, an interest rate hike in 2022 is unlikely at the current time.

## b) Foreign Exchange Risk

The risk resulting from fluctuations in the value of financial instruments, other balance sheet positions (e.g. receivables and liabilities), and/or cash flows denominated in foreign currencies due to exchange rate fluctuations, is called currency risk or exchange risk. This risk exists in particular where business transactions, such as the purchase of materials, merchandise or purchase price payments for company acquisitions, are in a currency other than the accounting currency (foreign currency) of a company and where prices for products and services depend on a currency other than the invoicing currency (indirect currency risk). For example, materials and merchandise are invoiced by suppliers in EUR or USD, although pricing is indirectly dependent on a third currency or another price (e.g. commodity price).

In order to limit foreign currency risks, the related foreign currency risk is calculated regularly on a rolling basis for business transactions made in foreign currencies or where the transaction price depends on foreign currencies. This involves determining a net position from holdings of the relevant foreign currency at the start of the planning period, planned incoming and outgoing payments in the relevant foreign currency, and existing derivative hedging instruments for the relevant foreign currency in the planning period. A relevant foreign currency risk that exceeds the thresholds defined in the Group guidelines is hedged by means of appropriate hedging transactions in order to reduce the risk from exchange rate fluctuations in future reporting periods. An initial hedge for currency risk is provided through foreign currency items that are naturally self-contained (natural hedge), for

instance, the payments received from deliveries and services in USD are balanced by payments made for deliveries and services in USD. The remaining net foreign currency exposure that exceeds the defined threshold is generally hedged using symmetrical hedging instruments (e.g. forward currency contracts). Asymmetrical hedging instruments (e.g. currency options) would only be used in exceptional cases or if required by the underlying transaction.

In the 2021 reporting period, USD forward foreign exchange contracts with a net value of USD 17.5 million were due for the operating business (USD 3 million in the 2020 reporting period). For the periods subsequent to the reporting date, USD forward currency contracts in the amount of USD 2.25 million exist as at the balance sheet date (USD 12.0 million as of December 31, 2020). In the 2021 reporting period, new forward currency contracts in the amount of USD 7.75 million were taken out (USD 21.0 million in the 2020 reporting period). After the balance sheet date December 31, 2021, further USD forward currency contracts in the amount of USD 7.9 million were taken out in January 2022.

The relevant foreign currencies in the NOVOMATIC Group as at the reporting date include the USD, GBP and AUD. Exchange rate fluctuations of these three foreign currencies have a potential material effect on the income statement and equity.

Within the framework of the analysis to measure the sensitivity towards exchange rate movements, the impacts of a change in the exchange rate of +/- 10 percent on foreign currency ("FX") bank balances (i.e. USD, GBP and AUD), loans received or given in FX as at the reporting date and on market values of the contracted FX derivatives are simulated.

The following schedule, which is based on reasonable judgment, shows the effects of possible EUR/USD exchange rate movements by +/- 10 percent on earnings before taxes and on equity:

EUR m	2021		2020	
Exchange rate fluctuations, foreign currency to EUR	Appreciation USD by 10%	Depreciation USD by 10%	Appreciation USD by 10%	Depreciation USD by 10%
Change in earnings before taxes	1.2	-1.0	-0.6	0.5
Change in equity	0.9	-0.8	-0.5	0.4

The following schedule, which is based on reasonable judgment, shows the effects of possible EUR/GBP exchange rate movements by +/- 10 percent on earnings before taxes and on equity:

Mio. EUR	2021		2020	
Exchange rate fluctuations, foreign currency to EUR	Appreciation GBP by 10%	Depreciation GBP by 10%	Appreciation GBP by 10%	Depreciation GBP by 10%
Change in earnings before taxes	4.3	-3.5	1.1	-0.9
Change in equity	3.2	-2.6	0.8	-0.7

The following schedule, which is based on reasonable judgment, shows the effects of possible EUR/AUD exchange rate movements by +/- 10 percent on earnings before taxes and on equity:

EUR m	2021		2020	
Exchange rate fluctuations, foreign currency to EUR	Appreciation AUD by 10%	Depreciation AUD by 10%	Appreciation AUD by 10%	Depreciation AUD by 10%
Change in earnings before taxes	2.1	-1.7	0.0	0.0
Change in equity	1.6	-1.3	0.0	0.0

In the reporting period, average financial liabilities in the NOVOMATIC Group were mainly denominated in EUR (around 98 percent; 2020 around 94 percent) as well as in part in another currency such as USD (around two percent; 2020 around six percent). Group companies with an accounting currency other than their financing currency were hence exposed to foreign exchange risk in terms of the financing currency (mainly EUR).

### c) Capital Investments

Risks in capital investments essentially cover market price and valuation risks. The capital investments held by the NOVOMATIC Group are comprised mainly of precious metals as well as exchange-traded shares and were hence exposed to price fluctuations during the fiscal year.

## (12) Notes on Leases and Contingent Liabilities

### NOVOMATIC Group as Lessee

The Group has evaluated and accounted for existing leases (primarily from rented gaming facilities) in accordance with IFRS 16. The right-of-use assets and lease liabilities were reported separately in the balance sheet. The maturity analysis of the recognized non-current lease liabilities of EUR 504.1 million (previous year: EUR 477.3 million) and current lease liabilities of EUR 109.0 million (previous year: EUR 112.6 million) is as follows:

EUR m	Non-discounted lease payments	
	12/31/2021	12/31/2020
within one year	131.7	133.8
between two and five years	367.3	319.5
between six and ten years	179.6	192.5
after 10 years	39.9	65.5
<b>Total</b>	<b>718.5</b>	<b>711.2</b>
Less financial expenses not yet realized	-105.3	-121.3
<b>Present value of lease payments to be made</b>	<b>613.1</b>	<b>589.9</b>

The reported rental expenses for real estate, gaming devices, and other assets for the 2021 fiscal year include expenses of EUR 5.5 million (previous year: EUR 2.2 million) from short-term leases, EUR 1.6 million (previous year: EUR 0.9 million) from leases with low-value assets, and EUR 1.1 million (previous year: EUR 1.6 million) from variable lease payments not included in the measurement of the lease liability.

Total cash outflows from leases (repayment and interest portion) amount to EUR -146.7 million (previous year: EUR -140.8 million).

**NOVOMATIC Group as Lessor**

The Group has concluded finance lease agreements with customers for gaming machines. The term of the concluded finance lease agreements is between 1 and 5 years. When the agreement is concluded, the revenue is recorded under the item "Sales revenue". Outstanding lease payments are shown in the balance sheet as receivables, with the maturity analysis being as follows

EUR m	Non-discounted lease payments	
	12/31/2021	12/31/2020
within one year	8.3	11.8
within the second year	7.9	9.9
within the third year	3.4	2.7
within the fourth year	2.0	1.3
within the fifth year	1.4	0.3
after five years	1.4	2.2
<b>Total</b>	<b>24.4</b>	<b>28.2</b>
Less financial income not yet realized	-2.4	-3.1
<b>Present value of lease payments to be received</b>	<b>22.0</b>	<b>25.0</b>

The Group also concluded operating lease contracts for the rental of gaming machines with mainly non-cancellable terms of between 12 and 24 months. The gaming machines continue to be shown under property, plant and equipment as plant and machinery. The rent payments during the reporting period are shown as sales revenue under income from rent and management services.

The claims for future lease payments from these operating leases are as follows:

EUR m	Non-discounted lease payments	
	12/31/2021	12/31/2020
within one year	174.1	163.8
within the second year	43.4	98.3
within the third year	4.3	3.7
within the fourth year	0.4	0.8
within the fifth year	0.3	0.7
after five years	0.9	2.3

Rental concessions granted for operating leases as part of the COVID-19 pandemic were treated as modifications in accordance with IFRS 16. Depending on the structure of the concession, this was either distributed over the term of the contract or recognized immediately through the income statement. The effects from these adjustments are of minor significance.

**Contingent Liabilities**

Contingent liabilities from guarantees amount to EUR 18.7 million (previous year: EUR 18.5 million) and were mainly given to the Italian regulatory authority ADM.

## (13) Other Information

### Group Audit Expenses

The expenses for services provided by the Group auditor (including the network in accordance with Sec. 271b of the Austrian Company Code) are as follows:

EUR m	2021	2020
Group audit and audit of financial statements	1.9	1.9
Audit-related services	0.1	0.1
Tax advisory services	0.6	0.8
Other consultancy	0.1	0.2

Expenses for services provided by Deloitte Audit Wirtschaftsprüfungs GmbH in 2021 amounted to EUR 0.7 million for the Group audit and audit of financial statements and EUR 0.1 million for other advisory services.

### Related Party Transactions

The parent company of NOVOMATIC AG is Novo Invest GmbH in Gumpoldskirchen. This consolidated financial statement of the NOVOMATIC AG is therefore included in the consolidated financial statements of Novo Invest GmbH being the ultimate parent company and is filed at the Regional Court of Wiener Neustadt under FN 381832v.

The related parties furthermore include the members of the bodies (Executive Board and Supervisory Board), non-consolidated affiliated subsidiaries, associated companies, as well as companies under the control of bodies or the shareholders of NOVOMATIC AG.

The following table summarizes the scope of business relationships with related parties for the individual financial years:

EUR m	Other		Management	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Receivables	10.8	8.7	0.0	0.0
Liabilities	6.1	6.5	0.1	0.1
Revenues	20.8	17.1	0.0	0.0
Material cost	30.0	30.3	0.0	0.0
Consulting services	0.0	0.0	0.3	0.3
Research and development	11.4	12.4	0.0	0.0
Other expenses	3.9	4.6	0.0	0.0
Interest income	0.1	0.1	0.0	0.0

The item "Management" comprises the Supervisory Board and the Executive Board of NOVOMATIC AG. The management's remuneration is disclosed in note (15) "Company Bodies of NOVOMATIC AG".

The information provided for "Other" essentially relates to companies that are controlled by the shareholders of NOVOMATIC AG. The transactions result from the delivery of goods and services, rental fees, and research and development services. Accounts receivable are unsecured and settled in cash. Guarantees were neither given nor received.

## Fully Consolidated Subsidiaries

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
ABZOGR	Abzorba Games I.K.E., Greece	GTA	100.00%	100.00%
ACEAT	ADMIRAL Casinos & Entertainment AG, Austria	NAG	100.00%	100.00%
ADBEES	ADMIRALBET SPAIN S.A., Spain	NSBSAT	100.00%	100.00%
ADB2ES	ADMIRALBET SPAIN II S.L., Spain	ADBEES	100.00%	100.00%
ADGACS	Adria Gaming d.o.o. Beograd, Serbia	ADMICS	100.00%	100.00%
ADOSES	Admiral Operations Spain S.L., Spain	NOGES	100.00%	100.00%
ADLERO	Admiral Leisure SRL, Romania	NOVORO	100.00%	100.00%
ADMICS	Admira d.o.o., Serbia	NOVOC	100.00%	100.00%
ADMILV	Admiralu Klubs SIA, Latvia	NAG	60.00%	60.00%
ADMIRO	ADMIRAL ONLINE S.R.L, Romania	NOVORO	100.00%	100.00%
ADGMES	Admiral Gaming Madrid S.L., Spain	SAMAES / ADOSES	45.00% / 40.00%	60.00% / 40.00%
ADBIT	NOVOMATIC Italia S.p.A., Italy	NAG	100.00%	100.00%
ADSLES	Admiral Slots S.A., Spain	NOGES	100.00%	100.00%
AGIAR	NOVOMATIC Argentina S.R.L., Argentina	NAG /NMIIAT	97.23% / 2.77%	97.23% / 2.77%
AGIHU	NOVOMATIC Hungária Kft., Hungary	NAG	100.00%	100.00%
AGIMX	Crown Gaming Services Mexico S. de R.L. de C.V., Mexico	NAG /NMIIAT	80.00% / 20.00%	80.00% / 20.00%
AGISA	NOVOMATIC Africa (Pty) Ltd., South Africa	NAG	100.00%	100.00%
AGTAU	Ainsworth Game Technology Ltd., Australia	NAG	52.90%	52.90%
AINSFR	Novomatic Services FRA SAS, France	NAG	100.00%	100.00%
AIRO	Airoline GmbH, Austria	NAG	100.00%	100.00%
ALFLV	Alfor SIA, Latvia	NAG	60.00%	60.00%
ALLIT	Allstar S.r.l., Italy	ADRIT	100.00%	100.00%
ALLOAT	Albanisch Österreichische Lotterien Holding Gesellschaft m.b.H., Austria	NAG	100.00%	100.00%
ALORES	Aloragaming S.L., Spain	BAGAES	100.00%	100.00%
ALPDE	Admiral Play GmbH, Germany	NSMLDE	100.00%	100.00%
ALPSIT	Alp S.r.l., Italy	ADRIT	70.00%	70.00%
AMONBA	AMONIQ d.o.o. Zenica, Bosnia and Herzegovina	HTLBA	100.00%	100.00%
AMUSPL	Amusys Production Sp.z o.o., Poland	ATSIPL	100.00%	100.00%
ARGAR	Octavian de Argentina S.A., Argentina	NAG /NMIIAT	90.00% / 10.00%	90.00% / 10.00%
ASCGUK	Luxury Leisure Holdings Ltd., United Kingdom	ASTUK	100.00%	100.00%
ASTUK	United Kingdom	NAG	100.00%	100.00%
ASW	Admiral Sportwetten GmbH, Austria	NAG	100.00%	100.00%
ASWDE	NOVO INTERACTIVE GmbH, Germany	NSMLDE	100.00%	100.00%
ATSIPL	NOVOMATIC Technologies Poland S.A., Poland	ATTPL / NAG	51.22% / 48.78%	51.22% / 48.78%
ATTPL	ATT S.A., Poland	NAG	100.00%	100.00%
AUSPDE	Automaten Service Playtime GmbH, Germany	EXTDE	100.00%	100.00%
AUSUES	Automáticos Surmatic S.L., Spain	ADOSES	60.00%	60.00%
AWPDNL	Eurocoin Interactive B.V., Netherlands	JVHPNL	100.00%	100.00%
AZARLT	Azarto Technika UAB, Lithuania	NAG	80.00%	80.00%
BAGAES	Basque Gaming S.L., Spain	ADOSES	100.00%	67.33%
BEAMT	Beatya Online Entertainment p.l.c, Malta	GTA	100.00%	100.00%
BEKUDE	BeKu Automaten & Gastronomie Service GmbH, Germany	EXTDE	100.00%	100.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
BEMARO	Bet Master SRL, Romania	NOVORO	100.00%	100.00%
BIERNL	Biermann's Bingo B.V., Netherlands	CAHONL	100.00%	100.00%
BLUECA	Bluebat Games Inc., Canada	GTCACA	100.00%	100.00%
BLUHMT	Bluebet Holding Ltd., Malta	ASWDE	100.00%	100.00%
BLUOMT	Blubet Operations Ltd., Malta	BLUHMT	100.00%	100.00%
BPAFDE	BPA Freizeit- & Unterhaltungsbetriebe GmbH, Germany	EXTDE	100.00%	100.00%
BRONDE	ADMIRAL Gastronomieaufstellung GmbH, Germany	ALPDE	100.00%	100.00%
CAAPNL	Casino Admiral Appelscha B.V., Netherlands	CAHONL	100.00%	100.00%
CAH3NL	Casino Admiral Holland III B.V., Netherlands	CAHONL	100.00%	100.00%
CAHONL	Casino Admiral Holland B.V., Netherlands	JVHPNL	100.00%	100.00%
CAMADE	Casino Macau GmbH, Germany	WGVEDE	100.00%	100.00%
CANONL	Casino Admiral Noordwijk B.V., Netherlands	CAHONL	100.00%	100.00%
CARODE	Casino Royal GmbH, Germany	NAG	100.00%	100.00%
CAS1DE	Casino Deluxe Beteiligungsgesellschaft mbH I, Germany	BPAFDE	100.00%	100.00%
CAS3DE	Casino Deluxe Beteiligungsgesellschaft mbH III, Germany	BPAFDE	100.00%	100.00%
CASINL	Casino Sevens Simpelveld B.V., Netherlands	SUGANL	100.00%	100.00%
CASKDE	Casino Entertainment GmbH & Co. KG, Germany	EXTDE	100.00%	100.00%
CASOIT	CAPECOD SOLUTIONS S.R.L, Italy	GTA	100.00%	100.00%
CASTNL	Casino Admiral Staff B.V., Netherlands	CAHONL	100.00%	100.00%
CAZENL	Casino Admiral Zeeland B.V., Netherlands	JVHPNL	100.00%	100.00%
CITYDE	City Freizeitanlagen GmbH, Germany	EXTDE	100.00%	100.00%
COMEBA	AK COMET d.o.o. Zivinice, Bosnia and Herzegovina	HTLBA	100.00%	100.00%
COMEES	Comercial Txartel S.L., Spain	BAGAES	80.00%	80.00%
COSPDE	Conrad Spielautomaten Gesellschaft mit beschränkter Haftung, Germany	EXTDE	100.00%	100.00%
CROMX	Crown Gaming Mexico S.A. de C.V., Mexico	NAG /NMIIAT	99.99% / 0.01%	99.99% / 0.01%
CROPE	Crown Gaming S.A.C, Peru	NOVOPE	100.00%	100.00%
DOMIDE	Domino-Automaten-Betriebs-GmbH, Germany	EXTDE	100.00%	100.00%
EAGAL	Eagle Investment Sh.a., Albania	NAG	100.00%	100.00%
ELSYIT	Electro System S.p.A., Italy	ADRIT	100.00%	100.00%
ERGAES	Erreka Games S.L., Spain	BAGAES	100.00%	100.00%
ESTRPL	Estrada Polska Sp. z o.o., Poland	NAG	100.00%	100.00%
EUCGNL	Eurocoin Gaming B.V., Netherlands	JVHPNL	100.00%	100.00%
EXTDE	ADMIRAL ENTERTAINMENT GmbH, Germany	NSMLDE	100.00%	100.00%
FMASK	Greentube Slovakia s.r.o., Slovakia	FST / GTA	0.38% / 99.62%	0.38% / 99.62%
FST	Funstage GmbH, Austria	GTA	100.00%	100.00%
GALUK	Greentube Alderney Ltd., United Kingdom	GTMT	100.00%	100.00%
GEAUDE	Gelsenautomaten Verwaltungsgesellschaft mbH, Germany	CARODE	100.00%	100.00%
GIGAES	GiGames S.L., Spain	NOGES	100.00%	100.00%
GMAIT	Admiral Gaming Network S.r.l., Italy	ADRIT	100.00%	100.00%
GSM	Giochi San Marino S.p.A., San Marino	NAG	93.00%	93.00%
GTA	Greentube GmbH, Austria	NAG	100.00%	100.00%
GTCACA	Greentube Canada Interactive Entertainment Corp., Canada	GTA	100.00%	100.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
GTGIGI	Greentube (Gibraltar) Ltd., Gibraltar	GTA	100.00%	100.00%
GTLLU	Greentube Luxembourg S.à.r.l., Luxembourg	GTA	100.00%	100.00%
GTMT	Greentube Malta Ltd., Malta	GTA	100.00%	100.00%
GTNLNL	Greentube Netherlands B.V., Netherlands	GTA	100.00%	100.00%
GTSEMT	Greentube Malta SEE Limited, Malta	GTMT	100.00%	100.00%
GTUKUK	Greentube UK Ltd., United Kingdom	GTA	100.00%	100.00%
GTUSUS	Greentube USA LLC, USA	GTA	100.00%	100.00%
HGVADE	HGV Automatenaufstell- und Spielhallen GmbH, Germany	CARODE	100.00%	100.00%
HISPES	Recreativos Hispajuegos S.L., Spain	ADOSES / SAMAES	24.00% / 27.07%	24.00% / 36.09%
HOCAPE	Hotel Carrera S.A.C., Peru	INKEPE	100.00%	100.00%
HPABDE	HP Automatenbetriebs GmbH, Germany	EXTDE	100.00%	100.00%
HTBLBA	RSA Gaming d.o.o., Bosnia and Herzegovina	NOVOBA	100.00%	100.00%
HTLBA	HTL d.o.o. Sarajevo, Bosnia and Herzegovina	NAG	100.00%	100.00%
HTLMK	HTL Makedonija DOOEL, Macedonia	NAG	100.00%	100.00%
HTLUA	HTL Ukraine TOV, Ukraine	NAG	100.00%	100.00%
HTM	HTM Hotel und Tourismus Management GmbH, Austria	NAG	100.00%	100.00%
IDEADE	Ideal Entertainment GmbH, Germany	NWCKDE	100.00%	100.00%
IGROUA	IgroTech-Import TOV, Ukraine	AZARLT	80.00%	100.00%
IKGDE	Novo Immobilien GmbH, Germany	NAG	100.00%	100.00%
INKEPE	Inversiones Kerala S.A.C., Peru	CROPE	100.00%	100.00%
INTRO	Intertop Leisure SRL, Romania	NOVORO	100.00%	100.00%
ISPAIT	Admiral Pay Istituto di Pagamento S.r.l., Italy	ADRIT	100.00%	100.00%
IVGDE	Novo Immobilien Verwaltungsgesellschaft mbH, Germany	IKGDE	100.00%	100.00%
JANOES	Juegos Automaticos Nacidos para el Ocio S.L., Spain	SAMAES	60.00%	80.00%
JOEXES	Admiral Extremadura S.L., Spain	ADOSES	100.00%	100.00%
JVHNL	NOVOMATIC Exploitatie NL II B.V., Netherlands	JVHPNL	100.00%	100.00%
JVHMNL	NOVOMATIC Development NL B.V., Netherlands	JVHPNL	100.00%	100.00%
JVHPNL	NOVOMATIC Services NL B.V., Netherlands	NOVONL	100.00%	100.00%
KOENDE	Königstrasse Spielstätten und Automaten UG (haftungsbeschränkt), Germany	EXTDE	100.00%	100.00%
KSBKDE	Kurhessische Spielbank Kassel/Bad Wildungen GmbH & Co. KG, Germany	SBNKDE	100.00%	100.00%
LOONNL	NOVOMATIC Exploitatie NL III B.V., Netherlands	JVHPNL	100.00%	100.00%
LORZNL	Recreatieprojecten Zeeland B.V., Netherlands	CAZENL	100.00%	100.00%
LOTAAL	Lotaria Kombetare Sh.p.k., Albania	ALLOAT	100.00%	100.00%
LUXLUK	Luxury Leisure Ultd., United Kingdom	ASCGUK	100.00%	100.00%
LWAUDE	ADMIRAL Spielhalle Wolfsburg GmbH, Germany	EXTDE	100.00%	100.00%
MAGMK	MA Gaming DOOEL, Macedonia	HTLMK	100.00%	100.00%
MAKOMK	Makoten DOOEL, Macedonia	NAG	100.00%	100.00%
MASTMK	Masterbet DOOEL, Macedonia	HTLMK	100.00%	100.00%
MIBECS	Millennium Bet d.o.o., Serbia	NOVOC	100.00%	100.00%
MILLIT	Admiral Sport S.r.l., Italy	ADRIT	100.00%	100.00%
MOISDE	Moisinger Spielstätten und Automaten UG (haftungsbeschränkt), Germany	EXTDE	100.00%	100.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
MUEHDE	Mühlenstraße Spielstätten und Automaten UG (haftungsbeschränkt), Germany	EXTDE	100.00%	100.00%
NAG	NOVOMATIC AG, Austria	NIG	89.96%	89.96%
NAHUS	NOVOMATIC Americas Holdings Inc., USA	NAG	100.00%	100.00%
NAINUS	NOVOMATIC Americas Investments Inc., USA	NAHUS	100.00%	100.00%
NASUS	NOVOMATIC Americas Sales LLC, USA	NAHUS / NAINUS	99.00% / 1.00%	99.00% / 1.00%
NDSKDE	NOVO Data Solutions GmbH & Co. KG, Germany	NSMLDE	75.00%	75.00%
NEE	Novoloto OÜ, Estonia	ADMILV	60.00%	100.00%
NEULDE	Neulin GmbH, Germany	HGVADE	100.00%	100.00%
NGEXNL	NOVOMATIC Exploitatie NL I B.V., Netherlands	JVHPNL	100.00%	100.00%
NGMTAT	Novo Gaming M Technologies GmbH, Austria	NAG	100.00%	100.00%
NHCLL	Novomatic Holdings Chile Ltda., Chile	NICCL	100.00%	100.00%
NICCL	Novomatic Investments Chile S.A., Chile	NAG	100.00%	100.00%
NLAHES	Novomatic LatAm Holding S.L., Spain	NAG	100.00%	100.00%
NMIIAT	NMI Invest GmbH, Austria	NAG	100.00%	100.00%
NMN	NMN Immo GmbH, Austria	NAG	100.00%	100.00%
NOGES	NOVOMATIC Gaming Spain S.A., Spain	NAG	100.00%	100.00%
NORERO	Norebo SRL, Romania	INTRO	100.00%	100.00%
NOSES	NOVOMATIC Services Spain S.L.U., Spain	NOGES	100.00%	100.00%
NOVGUK	Novomatic Gaming UK Ltd., United Kingdom	ASTUK	100.00%	100.00%
NOVOBA	NOVO RS d.o.o., Bosnia and Herzegovina	NAG	100.00%	100.00%
NOVOBG	Novo Investment Bulgaria EOOD, Bulgaria	NAG	100.00%	100.00%
NOVOCL	Novochile Ltda., Chile	NAG / NMIIAT	99.00% / 1.00%	99.00% / 1.00%
NOVOCS	Novo Investment d.o.o., Serbia	NAG	100.00%	100.00%
NOVOLT	Novogaming Vilnius UAB, Lithuania	NAG	80.00%	80.00%
NOVOMD	NOVO INVESTMENT MLD S.R.L., Moldavia	NGMTAT	100.00%	100.00%
NOVONL	NOVOMATIC Netherlands B.V., Netherlands	NAG	100.00%	100.00%
NOVOPA	Novo Panama S. de R.L., Panama	NLAHES / NMIIAT	99.90% / 0.10%	99.90% / 0.10%
NOVOPE	NOVOMATIC Perú S.A.C., Peru	NAG / NMIIAT	99.99% / 0.01%	99.99% / 0.01%
NOVORO	Novo Investment RO SRL, Romania	NAG	100.00%	100.00%
NSBSAT	NOVOMATIC Sports Betting Solutions GmbH, Austria	NAG	100.00%	100.00%
NSMLDE	LÖWEN ENTERTAINMENT GmbH, Germany	NAG	100.00%	100.00%
NTSCS	GREENTUBE TECHNOLOGIES RS d.o.o. Beograd, Serbia	GTA	100.00%	100.00%
NVLTAT	Novo VLTech GmbH, Austria	NAG	100.00%	100.00%
NVLTRO	Novo VLTech Solutions SRL, Romania	NAG / NVLTAT	0.01% / 99.99%	0.01% / 99.99%
NWCKDE	NWC NORD WEST CASINO GmbH, Germany	EXTDE	100.00%	100.00%
OLACO	NOVOMATIC Gaming Colombia S.A.S., Colombia	NAG	100.00%	100.00%
PLAAT	Platogo Interactive Entertainment GmbH, Austria	GTA	100.00%	100.00%
PLANBY	Planeta IGR PUE, Belarus	AZARLT	80.00%	100.00%
PLAYDE	Play-Point Spielhallen- und Automatenbetriebsgesellschaft m.b.H., Germany	EXTDE	100.00%	100.00%
RALLUK	RAL Ltd., United Kingdom	TALAUK	100.00%	100.00%
RECRES	Recreativos del Este S.L., Spain	ADOSES	60.00%	60.00%
REDDDE	Red Devil Spielothek GmbH, Germany	EXTDE	100.00%	100.00%
RIVUNL	Rio Vught B.V., Netherlands	CAHONL	100.00%	100.00%
SALLUK	S.A.L Leisure Ltd., United Kingdom	ASCGUK	100.00%	100.00%

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
SAMAES	Salones Macao S.L., Spain	ADOSES	75.00%	75.00%
SBBKDE	Spielbank Berlin GmbH & Co. KG, Germany	SBNKDE	60.00%	60.00%
SBEKDE	Spielbank Berlin Entertainment GmbH & Co.KG, Germany	SBNKDE	60.00%	60.00%
SBMKDE	Spielbanken MV GmbH & Co. KG, Germany	SBNKDE	100.00%	100.00%
SLENDE	Spiellounge Entertainment GmbH, Germany	EXTDE	100.00%	100.00%
SBNKDE	NOVOMATIC Spielbanken Holding Deutschland GmbH & Co. KG, Germany	NAG	100.00%	100.00%
SBPRU	Octavian SPb OOO, Russia	NAG	100.00%	100.00%
SPGEDE	Spieloose GeBo GmbH & Co. KG, Germany	CARODE	100.00%	100.00%
SPHEDE	Spieloose Herne GmbH, Germany	CARODE	100.00%	100.00%
SPREDE	Spieloose Relax Automatenaufstellungs- und Vertriebs – GmbH, Germany	CARODE	100.00%	100.00%
SPTRDE	Spieloose TRIO – Automatenaufstellungs- und Vertriebs-GmbH, Germany	CARODE	100.00%	100.00%
SPVEDE	Spielinsel Vermietungs GmbH, Germany	BRONDE	100.00%	100.00%
SUGANL	Super Game B.V., Netherlands	CAHONL	100.00%	100.00%
TALAUK	Talarius Ltd., United Kingdom	ASTUK	100.00%	100.00%
TAXILT	Taxillus UAB, Lithuania	AZARLT	80.00%	100.00%
TOPANL	Speelautomatenexploitatie Topa BV, Netherlands	CAHONL	100.00%	100.00%
TURHDE	Turhan Spielsalon GmbH, Germany	EXTDE	100.00%	100.00%
UGIRU	United Gaming Industries OOO, Russia	NAG /NMIIAT	99.99% / 0.01%	99.99% / 0.01%
VERAES	Verajuegos S.L., Spain	ADOSES / SAMAES	24.00% / 27.04%	24.00% / 36.05%
VGSBDE	VGS Betriebsgesellschaft mbH, Germany	CARODE	100.00%	100.00%
VIDDE	Casino Deluxe Beteiligungsgesellschaft mbH IV, Germany	BPAFDE	100.00%	100.00%
VILLBG	Villox Group EOOD, Bulgaria	NOVOBG	100.00%	100.00%
VSGALT	VSGA UAB, Lithuania	AZARLT	80.00%	100.00%
WETTRO	Wettpunkt International SRL, Romania	NOVORO	100.00%	100.00%
WGVEDE	WGV Entertainment GmbH, Germany	CARODE	100.00%	100.00%
ZBETCS	Zbet RS d.o.o. Beograd, Serbia	NOVOCS	70.00%	70.00%
ZSCADE	ZS Casino Emsland GmbH, Germany	EXTDE	100.00%	100.00%

## Non-Consolidated Affiliated Companies

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
ADGMUA	ADMIRAL GAMING UKR TOV, Ukraine	HTLUA	100.00%	100.00%
ADGSUA	ADMIRAL GASTRO UKR TOV, Ukraine	HTLUA	100.00%	100.00%
ADONUA	ADMIRAL ONLINE UKR TOV, Ukraine	HTLUA	100.00%	100.00%
AINSUK	Ainsworth (UK) Ltd., United Kingdom	ASTUK	100.00%	100.00%
AMUTNL	Amutron Automaten B.V., Netherlands	CAHONL	100.00%	100.00%
BAGYHU	Admiral Hungaria Kft., Hungary	AGIHU	100.00%	100.00%
BDGABA	BD GAMING d.o.o., Bosnia and Herzegovina	HTBLBA	100.00%	100.00%
BETBMT	BetCave Betting Solutions Ltd., Malta	BETHMT	100.00%	100.00%
BETHMT	BetMen Holding Ltd., Malta	ASW	100.00%	100.00%
BETOMT	BetMen Operations Ltd, Malta	BETHMT	100.00%	100.00%
CAH5NL	Casino Admiral Holland V B.V., Netherlands	CAHONL	100.00%	100.00%
CAH6NL	Casino Admiral Holland VI B.V., Netherlands	CAHONL	100.00%	100.00%
CASVDE	Casino Entertainment Verwaltungs-GmbH, Germany	EXTDE	100.00%	100.00%
CPASPH	CP Asian Solutions Corp., Philippines	ASTUK	51.00%	51.00%
CRVBA	CRVENO-CRNO d.o.o. Mostar, Bosnia and Herzegovina	HTLBA	100.00%	100.00%
GIPDE	NOVOMATIC Spielbanken Holding Deutschland Verwaltungs GmbH, Germany	SBNKDE	100.00%	100.00%
INLOLB	Interlog SAL i. L., Lebanon	INTLB	95.00%	100.00%
INTLB	Interinvest Holding SAL i. L., Lebanon	NAG	95.00%	95.00%
KSBDE	Kurhessische Spielbank Kassel/Bad Wildungen Verwaltungs GmbH, Germany	KSBKDE	100.00%	100.00%
NDSVDE	NOVO Data Solutions Verwaltungs GmbH, Germany	NDSKDE	100.00%	100.00%
NEWTUK	Brian Newton Leisure Ltd., United Kingdom	LUXLUK	100.00%	100.00%
NOBEPL	NOVO Investment PL Sp. z o.o., Poland	ATTPL	100.00%	100.00%
NOGAUG	NOVOGAMES (U) Ltd., Uganda	NAG	75.00%	75.00%
NOLOLT	Novoloto Vilnius UAB, Lithuania	AZARLT	80.00%	100.00%
NOVOEC	NOVOMATICECUADOR S.A.S., Ecuador	NLAHES	100.00%	100.00%
NOVOPR	NOVOMATIC AMERICAS PUERTO RICO LLC, Puerto Rico	NASUS	100.00%	100.00%
NOVOTZ	NOVOMATIC TANZANIA Ltd., Tansania	NAG	100.00%	100.00%
SBBVDE	Spielbank Berlin Verwaltungs GmbH, Germany	SBBKDE	60.00%	100.00%
SBEVDE	Spielbank Berlin Entertainment Verwaltungs-GmbH, Germany	SBEKDE	60.00%	100.00%
SBMVDE	Spielbanken MV Verwaltungs-GmbH, Germany	SBMKDE	100.00%	100.00%
TECHAT	Technoconsult, technisches Büro, Gesellschaft m.b.H., Austria	NAG	100.00%	100.00%

In addition, the Group holds the majority of shares in another non-consolidated affiliated company.

## Companies Consolidated Using the Equity Method

IC-Code	Company, domicile	Superordinate company	Group share	Direct share
PRAGA	Pratergarage Errichtungs- und Betriebsges. m.b.H., Austria	NAG	47.50%	47.50%
SMAKDE	Spielbank Mainz GmbH & Co. KG, Germany	SBNKDE	33.00%	33.00%

### Exemption from disclosure for Group companies

The following German companies are included in NOVOMATIC AG's Consolidated Financial Statement as per IFRS as fully consolidated companies and avail themselves of the possibility of exemption from a disclosure of their financial statements as of December 31, 2021, as granted under section 264(3) and section 264 b of the German Commercial Code (HGB):

- LÖWEN ENTERTAINMENT GmbH, Bingen
- ADMIRAL ENTERTAINMENT GmbH, Pfullendorf
- ADMIRAL Gastronomieaufstellung GmbH, Pfullendorf
- ADMIRAL Play GmbH, Düsseldorf
- ADMIRAL Spielhalle Wolfsburg GmbH, Pfullendorf
- Automaten Service Playtime GmbH, Pfullendorf
- Beku Automaten & Gastronomie Service GmbH, Pfullendorf
- BPA Freizeit- & Unterhaltungsbetriebe GmbH, Pfullendorf
- Casino Deluxe Beteiligungsgesellschaft mbH I, Pfullendorf
- Casino Deluxe Beteiligungsgesellschaft mbH III, Pfullendorf
- Casino Deluxe Beteiligungsgesellschaft mbH IV, Pfullendorf
- Casino Entertainment GmbH & Co. KG, Pfullendorf
- Casino Macau GmbH, Pfullendorf
- Casino Royal GmbH, Pfullendorf
- City Freizeitanlagen GmbH, Pfullendorf
- Conrad Spielautomaten Gesellschaft mit beschränkter Haftung, Pfullendorf
- Domino-Automaten-Betriebs-GmbH, Pfullendorf
- Gelsenautomaten Verwaltungsgesellschaft mbH, Pfullendorf
- HGV Automatenaufstell- und Spielhallen GmbH, Pfullendorf
- HP Automatenbetriebs GmbH, Pfullendorf
- Ideal Entertainment GmbH, Pfullendorf
- Königstrasse Spielstätten und Automaten UG (limited liability), Pfullendorf
- Moislinger Spielstätten und Automaten UG (limited liability), Pfullendorf
- Mühlenstrasse Spielstätten und Automaten UG (limited liability), Pfullendorf
- Neulin GmbH, Pfullendorf
- Novo Immobilien GmbH, Bingen
- Novo Immobilien Verwaltungsgesellschaft mbH, Bingen
- NOVO Data Solutions GmbH & Co. KG, Bingen
- NOVO INTERACTIVE GmbH, Rellingen (until January 13, 2021: ADMIRAL Sportwetten GmbH)
- NWC NORD WEST CASINO GmbH, Pfullendorf
- Play-Point Spielhallen- u. Automatenbetriebsgesellschaft m.b.H., Pfullendorf
- Red Devil Spielothek GmbH, Pfullendorf
- Spielinsel Vermietungs GmbH, Pfullendorf
- Spiellounge Entertainment GmbH, Pfullendorf
- Spieloase GeBo GmbH & Co. KG, Pfullendorf
- Spieloase Herne GmbH, Pfullendorf
- Spieloase Relax Automatenaufstellungs- und Vertriebs-GmbH, Pfullendorf
- Spieloase TRIO – Automatenaufstellungs- und Vertriebs-GmbH, Pfullendorf
- Turhan Spielsalon GmbH, Pfullendorf
- VGS Betriebsgesellschaft mbH, Pfullendorf
- WGV Entertainment GmbH, Pfullendorf
- ZS Casino Emsland GmbH, Pfullendorf

## (14) Subsequent Events after the Balance Sheet Date

In January 2022, the acquisition of 100 percent shares in the two Austrian companies easybet 7 GmbH and Atlantic Sportwetten GmbH was completed. Together, the acquired companies operate around 430 betting terminals in the federal states. The agreed purchase price is around EUR 5.3 million. The purchase price allocation in accordance with IFRS 3 had not yet been completed as at the reporting date.

In February 2022, NOVOMATIC AG made a buyback offer (buyback against cash payment) to the holders of the bond 2016 2023 (EUR 500 million, ISIN AT0000A1LHT0). The Company has accepted all valid offers to purchase the bond. The result of the buyback offer led to the tendering of bonds with a total nominal value of EUR 262.4 million. After settlement, bonds with a nominal value of EUR 237.6 million remain in circulation.

In view of the escalating conflict between Russia and Ukraine in February 2022, the further course of business in the newly developed market of Ukraine cannot yet be estimated. The sanctions/embargoes imposed on Russia and Belarus in connection with the Ukraine crisis and any extensions or retaliatory action could also have a particularly negative impact on the subsidiaries based in the countries concerned or their business partners or cooperation with them. At the current time, the Group's overall exposure in these markets is of minor importance.

## (15) Company Bodies of NOVOMATIC AG

The following members of the Executive Board of NOVOMATIC AG were appointed for the 2021 fiscal year and beyond:

Ryszard Presch (Executive Board)  
Johannes Gratzl (Executive Board)

In the 2021 fiscal year and during the time of preparation of this report, the Supervisory Board of NOVOMATIC AG consisted of the following members:

Dr. Bernd Oswald (Chairman)  
Martina Flitsch (Deputy Chairwoman)  
Dr. Haig Asenbauer (Deputy Chairman of the Supervisory Board from June 30, 2021)  
Dr. Robert Hofians (member)

The current total remuneration of the members of the Executive Board of NOVOMATIC AG amounted to EUR 1.9 million (previous year: EUR 1.2 million). Payments of EUR 0.4 million to former members of the Executive Board were recognized as an expense (previous year: EUR 4.0 million). Of the expenses for severance payments and pensions, EUR 0.5 million (previous year: EUR 0.0 million) were attributable to the Executive Board. No advances or contingencies were granted to members of the Executive Board in the 2021 fiscal year. The members of the Supervisory Board received EUR 0.4 million (previous year: EUR 0.3 million).

## (16) Publication

The present consolidated financial statement was released on March 23, 2022 by the Executive Board for examination by the Supervisory Board, for presentation at the general shareholders' meeting, and for subsequent publication.

Gumpoldskirchen, March 23, 2022

The Executive Board of NOVOMATIC AG

**Ryszard Presch**  
Executive Board

**Johannes Gratzl**  
Executive Board

## Statement by the Executive Board

We confirm that to the best of our knowledge, the consolidated financial statement of NOVOMATIC AG as of December 31, 2021, gives a true and fair view of the net assets, financial position and results of operations of the Group as required by the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and that the consolidated management report as of December 31, 2021, gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties which the Group faces.

We confirm that to the best of our knowledge, the annual financial statement of NOVOMATIC AG as of December 31, 2021, gives a true and fair view of the net assets, financial position and results of operations of the company as required by the Austrian Commercial Code (UGB), and that the management report as of December 31, 2021, gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties which the company faces.

Gumpoldskirchen, March 23, 2022

The Executive Board of NOVOMATIC AG

**Ryszard Presch**  
Executive Board

**Johannes Gratzl**  
Executive Board

# NOVOMATIC AG

# AUDITOR'S REPORT

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of NOVOMATIC AG, Gumpoldskirchen, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

### Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following matters were of most significance to our audit:

- 1. Valuation of Assets – Gaming Technology – Ainsworth
- 2. Acquisition of ZBET RS d.o.o., Serbia – purchase price allocation and subsequent measurement

## 1. Valuation of Assets – Gaming Technology – Ainsworth

### Description and Issue

In 2018 approx. 52% of Ainsworth Game Technology Limited (“Ainsworth”) were acquired. As a result of the negative economic developments the forecasts had to be revised and significant impairments were recognized in prior years. As part of the recovery from the effects, including those from the COVID-19 pandemic, there was a positive development in Ainsworth's business, especially in the North American market, which led to write-ups in 2021 in the total amount of EUR 18.4 million (consisting of impairments of EUR 15.4 million and reversals of impairments of EUR 33.8 million). For further information we refer to Note “(7.4) Impairments and Reversals of Impairments”. The underlying forecasts are, amongst other, based on estimates of future cash flows including the effects of these changes and are therefore subject to considerable uncertainties. Due to that fact and the significance of Ainsworth's assets in the consolidated financial statements we identified this position as a key matter for our audit.

### Our Response

We evaluated the forecasts included in the valuation model and the estimates made by the legal representatives. The audit procedures primarily included the analytical review of the estimated development of significant elements of the forecasts, such as the forecasted revenue and earnings development or the working capital development, the inquiry of those responsible for investment controlling on the plausibility of the estimates and assumptions made, the assessment of the forecast accuracy by comparing the results with estimates in previous years and reconciling the forecasts with the group planning presented to the Supervisory Board.

We have also tested the calculation model used. We checked the plausibility of the discount rates applied, using ranges derived from market data.

## 2. Acquisition of ZBET RS d.o.o., Serbia – purchase price allocation and subsequent measurement

### Description and Issue

In January 2021, 70% of the shares in ZBET RS d.o.o., Serbia, (“ZBET”) were acquired for EUR 20.7 million. ZBET operates around 150 betting and gambling facilities in Serbia.

As of acquisition date a purchase price allocation was performed and goodwill of EUR 13.1 million was recognized. Subsequently, goodwill and the non-current assets recognized during purchase price allocation had to be tested for impairment. Further information is presented in Notes “(6) Company Acquisitions” and “(7.4) Impairments and Reversals of Impairments”.

Numerous input factors and assumptions are incorporated into both the valuation models used to carry out the purchase price allocation and those used for impairment testing during subsequent measurement. Due to the complexity of the valuation models and the correlation of the results with the assessment of market developments by management, this is a key audit matter.

### Our response

We evaluated the purchase price allocation and subsequent measurement, especially in the following areas:

- Assessment of the methodology applied for computation of purchase price allocation and subsequent measurement;
- Accuracy of the data transfers and the arithmetical correctness of the valuations;
- Plausibility check of the business plan, including the embedded assumptions, as well as of relevant market data from external and group-internal sources, used for valuation purposes;
- Plausibility check of the applied discount rates with ranges derived from market data.

### Other Information

Management is responsible for the other information. The other information comprises all information in the consolidated non-financial report, which we obtained prior to the date of this auditor's report, as well as the in the annual report but does not include the financial statements and the consolidated financial statements, the management report and the consolidated management report and our auditor's report on the financial statements and the consolidated financial statements thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

### Opinion

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

### Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

## Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on March 25, 2021 and commissioned by the supervisory board on August 24, 2021 to audit the consolidated financial statements for the financial year ending December 31, 2021. We have been auditing the Group uninterrupted since the financial year ending December 31, 2004.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Group in conducting the audit.

### **Engagement Partner**

The engagement partner responsible for the audit is Mag. Walter Müller.

Vienna

March 24, 2022

# SUPERVISORY BOARD REPORT OF NOVOMATIC AG

for the Fiscal Year 2021



The Supervisory Board held eight meetings during the 2021 fiscal year in which the Executive Board reported on business policy, and the Supervisory Board discussed, in detail, business developments and the position of the company, including all material Group companies. In addition, the Supervisory Board auditing committee received reports from the Executive Board and the auditor in five meetings. The Supervisory Board also received reports in four meetings, as part of its CR Committee, regarding the company's non-financial activities.

The annual and consolidated financial statements as of December 31, 2021 and the Executive Board management report have been examined with the involvement of accounting by Deloitte Audit Wirtschaftsprüfungs GmbH, who were appointed as auditor by the Annual General Meeting and who have issued an unqualified audit opinion.

The examination of the annual and consolidated financial statements by the Supervisory Board did not give rise to any objections. The Supervisory Board agrees with the proposal of the Executive Board regarding the use of the net profits from 2021. The annual financial statements drawn up by the Executive Board were approved by the Supervisory Board and hence adopted in accordance with the Austrian Stock Corporation Act (AktG).

The legal representatives of the company have also issued a special consolidated non-financial report that was checked by the Supervisory Board. No complaints were noted. The auditor has issued a report on the voluntary audit of the disclosure of the information required in the non-financial report for 2021, which did not give rise to any objections. The information presented in the non-financial report has been prepared in accordance with the GRI Standards: Core Option issued by the Global Sustainability Standards Board (GSSB), the requirements of sections 243b and 267a of the Austrian Commercial Code (UGB), as well as Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

The Supervisory Board acknowledges and thanks the Executive Board and all employees of NOVOMATIC AG's companies for their work during the 2021 fiscal year.

## **Gumpoldskirchen, March 2022**

The Supervisory Board

**Dr. Bernd Oswald**  
(Chairman)



NOVOMATIC-  
Individual Financial Statement

# NOVOMATIC AG

# MANAGEMENT REPORT

for the 2021 Financial Statement, NOVOMATIC AG, Gumpoldskirchen

## (1) Purpose of the Business and Strategy

NOVOMATIC<sup>1</sup> is a globally operating, integrated gaming technology and entertainment group with 40 years of experience as a producer of innovative high-tech gaming equipment. The Group develops, manufactures and sells gaming products, lottery technologies and networked system solutions for domestic and international gaming and betting markets. NOVOMATIC furthermore operates around 2,000 gaming facilities, which include casinos, slot arcades, sports betting outlets and bingo facilities.

In addition to the development of terrestrial gaming equipment, the NOVOMATIC AG Group's business activity also covers the development of games for licensed online and offline suppliers and as an operator of online gaming and sports betting platforms.

NOVOMATIC pursues a strategy of vertical integration within the gaming industry, meaning it acts as a manufacturer of state-of-the-art gaming equipment as well as an operator of gaming facilities. In the years since its establishment, this has contributed significantly to the success of the Company. With this integrated approach, the Group is able to introduce newly developed products into the marketplace very quickly, gain insights into their potential success and subsequently influence the development of new technologies in a goal-oriented manner.

NOVOMATIC AG, as an individual company, assumes key functions in this context: It is first of all a holding company, which is reflected, for example, in the definition and monitoring of Group standards, but also in the centralization of financing and exchange rate issues. In addition, it plays a central role in the development of gaming equipment and content by its own development departments as well as by controlling the development centers distributed around the world, and holds the majority of the intellectual property rights of the NOVOMATIC AG Group. In addition, it has a major involvement in production through its own capacities, but also through the integration of other production companies in the Group and the purchase of supplies and services from third parties and related parties. In addition, it is the owner of significant parts of the Group's property portfolio in Austria.

## (2) Economic Conditions

### Macroeconomic Development

As in the previous year, 2021's macroeconomic development was significantly impacted by the COVID-19 pandemic. Measures such as lockdowns or the temporary closures of business premises were implemented, particularly in the first half of the year, to contain the spread of the virus. Rising vaccination rates and the availability of vaccines in numerous countries meant that restrictive measures were gradually eased during the second quarter and the global economy was able to steadily recover. The impact of the improved health situation around the world led to an increase in private consumption levels, rising investment, and a revitalization of the tourism sector. Higher public spending also boosted economic growth in individual markets, yet supply shortages, which had a significant impact on global production and the supply of goods, put the brakes on development, particularly in the third and fourth quarter. Just about every single country and industry in the world was affected. In Europe, it was particularly Germany that felt the effects of this due to its strong focus on production. This resulted in lower investments and limited production activities. The COVID-19 variant that emerged in November 2021 also cast a cloud over expectations towards the end of the year.

<sup>1</sup> In this management report, the terms "NOVOMATIC", "Group", "NOVOMATIC Group" and "NOVOMATIC AG Group" refer to the group of consolidated companies included in the consolidated financial statement for NOVOMATIC AG.

The increase in global GDP in 2021 is forecast to come in at 5.9 percent<sup>2</sup>, while the euro area is predicted to see an increase of 5.3 percent<sup>3</sup>.

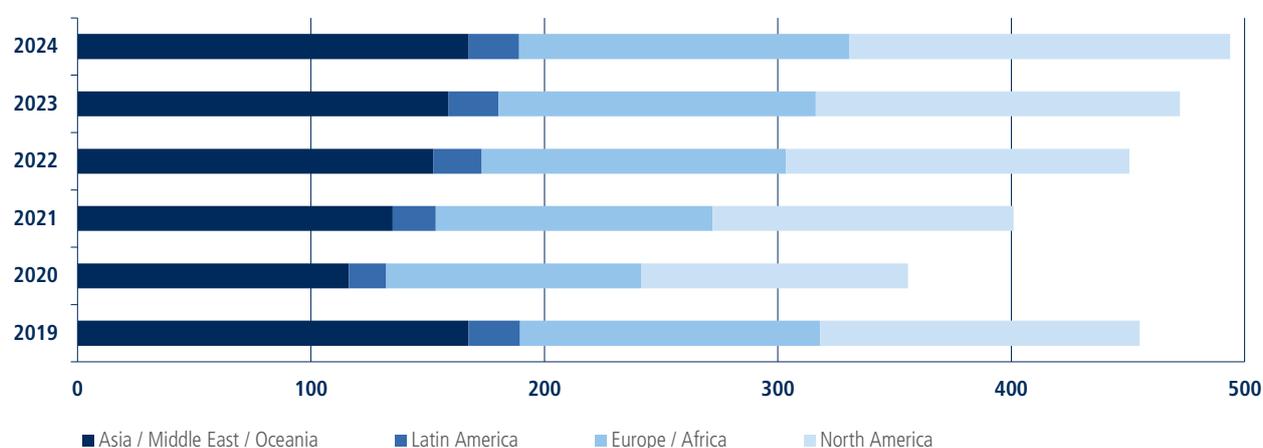
Economic growth in %*	2022f	2021	2020
Austria	4.3	4.7	-6.7
Germany	3.6	2.8	-4.6
Italy	4.1	6.5	-8.9
United Kingdom	4.7	7.2	-9.4
Spain	5.6	5.0	-10.8
The Netherlands	3.0	4.3	-3.8
Central and Eastern Europe	3.5	6.5	-1.8
USA	4.0	5.6	-3.4
Latin America	2.4	6.8	-6.9
World	4.4	5.9	-3.1

\* Growth in Austria, Germany, Italy, Spain and the Netherlands are taken from the Winter 2022 economic forecast of the European Union. Growth in the UK, Central and Eastern Europe, the United States, Latin America and the world is taken from the International Monetary Fund's January 2022 World Economic Outlook Update.

## Development of the Gaming Market

### WORLDWIDE GAMING REVENUES

in billion USD (source: GBGC)



In 2021, global gaming revenues, after experiencing a decline in 2020 caused by the COVID-19 pandemic and the associated restrictions (curfews, social distancing, cancellation of sporting events, etc.), recovered and amounted to USD 401.1 billion, according to the Global Gambling Report by Global Betting and Gaming Consultants (GBGC). This represents an increase of 12.7 percent over the previous year. The highest increase was recorded in the casino sector, which generated around 25.0 percent higher revenues in 2021 than in 2020, an increase attributable to the lack of guests in the previous year caused by the aforementioned restrictions. In 2022, GBGC experts forecast sales of USD 450.7 billion, signaling a return to pre-COVID-19 pandemic levels.

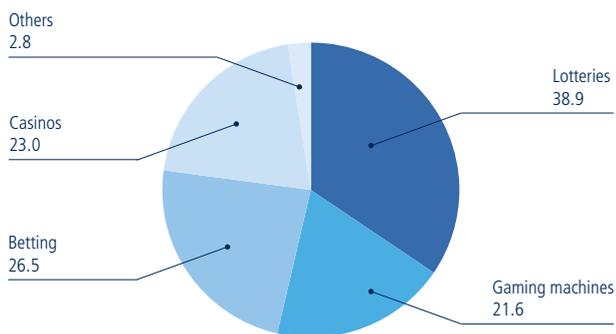
The impact of the crisis in Ukraine, which escalated in February 2022, on the global gaming market, in particular also due to the sanctions imposed on Russia and Belarus, cannot be assessed at the moment.

<sup>2</sup> According to the World Economic Outlook Update dated January 2022 provided by the International Monetary Fund (IMF)

<sup>3</sup> According to the European Economic Forecast Winter 2022.

In Europe, NOVOMATIC's most important gaming market, gaming revenues amounted to USD 112.8 billion in 2021, 34.5 percent of which are attributable to the lottery sector, which is the largest sector in Europe with a total revenue of USD 38.9 billion and which grew by 6.2 percent over 2020. The second-largest sector in terms of revenue in 2021 is the horse and sports betting market, which grew by 7.0 percent, particularly due to the absence of a large number of sporting events in 2020. Overall, the European market recorded a year-on-year increase in revenue of 10.1 percent. The experts at GBGC anticipate average growth of around 5.8 percent for the coming years until 2024, although this figure depends heavily on how the COVID-19 pandemic progresses as well as the regulations in place in the various individual European markets.

#### GAMING REVENUES IN EUROPE, USD BILLIONS



Revenues in the North American gaming market amounted to USD 128.9 billion in 2021, representing growth of 12.8 percent over the previous year. The largest gaming market, the casino sector, recorded a 12.7 percent increase in revenue due to lower restrictions. The largest percentage increase over 2020 was seen in the horse and sports betting market, where revenues increased by 65.1 percent in 2021 due to the U.S.-wide sports betting ban lifted in 2018. Average growth of 8.1 percent is forecast for the North American gaming market between 2022 and 2024.

The Latin American gaming market recorded a 15.5 percent increase in revenue compared to 2020, meaning that revenue came in at USD 18.4 billion in 2021, accounting for 4.6 percent of global gaming revenue. In particular, the renewed increase in the number of visitors to casinos in 2021 resulted in a year-on-year increase of 55.7 percent in the casino sector. The average annual growth rate is 5.9 percent.

Global online gaming revenue increased by 16.6 percent compared to 2020 and stood at USD 70.0 billion in 2021. The largest sub-segment of this market continued to be online betting, which accounted for around 52.2 percent of total revenue in 2021.

### (3) Business Performance

#### General Business Development in the Reporting Period

For NOVOMATIC AG, the 2021 fiscal year continued to be characterized by the effects of the COVID-19 pandemic, but the relaxation of measures to contain the pandemic in key core markets during the year also increased demand for gaming equipment. In the fiscal year, revenues increased by EUR 8.0 million to EUR 239.9 million. In addition to the revenue growth, operating profit was also increased by EUR 54.3 million year-on-year to EUR -30.4 million, thanks in particular to a reduction in the cost of materials and purchased services by EUR 19.7 million to EUR 134.3 million and to lower personnel expenses (EUR -3.9 million) as a result of the lower number of employees, and a decline in other operating expenses of EUR 20.2 million. Despite the decline in the financial result to EUR 69.6 million (EUR -24.5 million), earnings before taxes of EUR 39.2 million were EUR 29.8 million higher than in the previous year.

#### Important Events

NOVOMATIC AG's business operations were again significantly affected by the COVID-19 pandemic in 2021. In order to counteract the negative effects, numerous cost optimization and efficiency enhancement measures were implemented throughout the group.

In January 2021, the acquisition of a majority stake in a Serbian operator was completed. At the time of acquisition, the operating company runs around 150 betting shops and three slot arcades.

In Vienna, a new betting law came into force on January 1, 2021. ADMIRAL Sportwetten GmbH was granted a license for all locations operated, thereby ensuring sports betting operations for the next few years.

In Germany, the new State Treaty on Gaming came into force on July 1, 2021, which sets out a new regulatory framework for gaming, with particular regard to the awarding of licenses and, for the first time, online gaming. The implementation laws that have been passed on state level led to fewer closures of arcades than originally assumed as well as to a largely non-existent reduction of the maximum number of permitted gaming devices and to new regulations on minimum distances. In order to curb the supply of illegal online gambling, the online sector was also regulated across Germany for the first time.

The utilization of the revolving credit line of EUR 1.0 billion amounted to EUR 385.0 million as at December 31, 2021. A bilateral overdraft facility of EUR 10.0 million was also drawn in the financial year and was utilized to this extent as of December 31, 2021. In June 2021, a bond in the amount of EUR 200.0 million was repaid as agreed. For this purpose, short-term refinancing in the amount of EUR 100.0 million was raised. In addition, short-term refinancing in the amount of EUR 140.0 million was also raised in the fiscal year.

NOVOMATIC AG receives a rating on an ongoing basis from the ratings agency Standard & Poor's and consistently held an investment grade rating until June 2019. The rating was last downgraded by one notch from BB+ with a negative outlook to BB with a negative outlook on December 9, 2020, a move justified by the prevailing uncertainty of the COVID-19 pandemic and the resulting negative impact on business activities. The current rating BB (negative outlook) was confirmed by the rating agency S&P on June 16, 2021.

## EARNINGS POSITION

EUR m	2021	2020
<b>Revenues</b>	<b>239.9</b>	<b>231.8</b>
Changes in inventory	-6.1	3.0
Own work capitalized	2.2	2.2
Other operating income	24.8	15.7
Cost of material and other purchased services	-134.3	-154.1
Personnel costs	-78.8	-82.7
Total other operating expenses	-61.5	-81.7
<b>EBITDA</b>	<b>-13.8</b>	<b>-65.7</b>
<b>EBITDA margin</b>	<b>-5.7%</b>	<b>-28.4%</b>
Depreciation and amortization	-16.6	-19.0
<b>EBIT</b>	<b>-30.4</b>	<b>-84.7</b>
<b>EBIT margin</b>	<b>-12.7%</b>	<b>-36.5%</b>
Financial result	69.6	94.1
Earnings before taxes	39.2	9.4
Income tax	1.6	2.0
<b>Annual profit</b>	<b>40.8</b>	<b>11.4</b>

Key figures on the earnings situation		12/31/2021	12/31/2020
EBITDA	Mio. EUR	-13.8	-65.7
EBIT	Mio. EUR	-30.4	-84.7
Earnings before taxes	EUR m	39.2	9.4
Interest expenses	EUR m	-35.8	-27.1
Earnings before interest and taxes	EUR m	75.1	36.5
Return on equity (earnings before interest and taxes / equity)	[%]	10.2	5.3
Return on sales (earnings before interest and taxes / revenues)	[%]	31.3	15.7
Return on investment (earnings before interest and taxes / total capital)	[%]	3.1	1.5
Turnaround time inventories (inventories x 365 / total operating performance)	[days]	123.7	125.5
Material usage ratio (material usage / production revenue)	[%]	91.5	110.7
Personnel cost ratio (personnel costs / total operating performance)	[%]	30.2	32.7

The EBITDA key performance indicator is calculated by taking the operating profit and adjusting it for depreciation, amortization, impairment losses and reversals of impairment losses. At NOVOMATIC, the EBIT key performance indicator refers to the operating profit as presented in the consolidated income statement. EBITDA margin is calculated based on EBITDA in relation to revenues. EBIT margin is derived from EBIT in relation to revenues. Earnings before interest and tax are the result of an adjustment of interest expenses on earnings before taxes. Return on equity is the proportion of earnings before interest and tax to equity. Profit margin corresponds to a proportion of earnings before interest and tax to revenues. Return on total capital is derived from earnings before interest and tax in relation to total capital. The turnover period is a key figure that indicates the time span in which an item of inventory has turned over once. The cost of materials ratio puts the cost of materials in a period in relation to the production revenues of the same period. The personnel costs ratio is a key performance indicator that expresses the ratio of personnel costs reported in the income statement to total operating performance or sales revenues.

In the 2021 fiscal year, sales revenues reached EUR 239.9 million, corresponding to a year-on-year increase of EUR 8.0 million (+3.5 percent). The largest share of sales is generated by production revenues of EUR 146.7 million, which increased by EUR 7.5 million (+5.4 percent) year-on-year. These comprise EUR 95.8 million from gaming devices (EUR +10.0 million), EUR 40.0 million from construction/conversion kits and spare parts (EUR -3.0 million), EUR 3.8 million from large devices (EUR -0.8 million), and EUR 7.2 million from casino equipment and other merchandise (EUR +1.4 million). The increase in sales revenue is mainly due to the higher demand for gaming equipment as a result of the easing of pandemic measures in relevant core markets.

The cost of materials and purchased services decreased by EUR 19.7 million (-12.8 percent) year-on-year and amounted to EUR 134.3 million, mainly attributable to reduced raw material consumption (EUR -8.5 million) and putting the cost of materials ratio at 91.5 percent. Purchased services include development expenses of EUR 35.3 million. Development expenses declined by EUR 6.4 million (-15.3 percent) year-on-year on the back of cost optimization measures.

Personnel costs amounted to EUR 78.8 million, falling by EUR 3.9 million (-4.7 percent). The average number of employees fell by 141 during the fiscal year and amounted to 1,058. The reduction in personnel expenses stems primarily from the reduction in the number of employees, contrasted by the dwindling effect of reduced working hours compared to the previous year due to rising levels of capacity utilization. Personnel costs include salary adjustments under collective bargaining agreements as well as voluntary increases.

Other operating expenses decreased by EUR 20.2 million to EUR 61.5 million in the previous year (-24.8 percent). The decrease is mainly attributable to lower other services received of EUR 4.6 million (EUR -4.4 million), bad debt allowances of EUR 11.2 million (EUR -4.0 million), taxes and duties of EUR 0.4 million (EUR -4.0 million), advertising expenses of EUR 4.7 million (EUR -3.0 million) due to the absence of costs for the London trade fair, and legal and consulting expenses of EUR 7.9 million (EUR -2.8 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -13.8 million compared to EUR -65.7 million in 2020. The EBITDA margin in 2021 was -5.7 percent, 22.6 percentage points above the previous year's level (-28.4 percent). Operating profit (EBIT) came in at EUR -30.4 million, up by EUR 54.3 million over the previous year.

The financial result decreased from EUR 24.5 million in the previous year to EUR 69.6 million (-26.0 percent). As regards income, the financial result comprises income from investments of EUR 68.6 million (EUR -83.6 million), income from securities and loans of EUR 10.1 million (EUR -2.5 million), and other financial income of EUR 60.7 million (EUR +30.0 million). Financial income is offset primarily by expenses from financial assets and securities held as current assets of EUR 33.9 million (EUR -40.4 million). EUR 35.8 million (EUR +8.8 million) in interest and similar expenses is also reported.

In the 2021 fiscal year, positive earnings before taxes of EUR 39.2 million were generated. This corresponds to an increase of EUR 29.8 million. The increase is attributable to the rise in operating profit (EUR +54.3 million). This contrasts with the lower financial result (EUR -24.5 million).

Income taxes resulted in income of EUR 1.6 million (EUR -0.4 million) in the 2021 fiscal year.

The annual profit rose from 11.4 million to EUR 40.8 million.

## Net Assets

### BALANCE SHEET

#### Condensed Version

EUR m	12/31/2021	12/31/2020
<b>Fixed assets</b>	<b>2,017.0</b>	<b>1,932.9</b>
thereof intangible assets	12.7	12.5
thereof property, plant and equipment	101.1	126.6
thereof financial assets	1,903.2	1,793.8
<b>Current assets</b>	<b>368.5</b>	<b>449.4</b>
thereof inventories	88.4	86.9
thereof receivables and other assets	252.0	234.9
thereof securities and interests	0.0	1.0
thereof cash and cash equivalents	28.1	126.6
<b>Prepaid expenses</b>	<b>3.9</b>	<b>5.3</b>
<b>ASSETS</b>	<b>2,389.4</b>	<b>2,387.7</b>
<b>Equity</b>	<b>734.6</b>	<b>693.8</b>
thereof share capital	26.6	26.6
thereof reserves	303.4	303.4
thereof retained profits/merger result	404.6	363.7
<b>Investment grants</b>	<b>0.0</b>	<b>0.0</b>
<b>Provisions</b>	<b>30.6</b>	<b>41.4</b>
<b>Liabilities</b>	<b>1,623.3</b>	<b>1,651.4</b>
thereof bonds	500.0	700.0
thereof liabilities due to banks	906.7	726.9
thereof advance payments received	1.0	1.3
thereof trade payables	15.3	15.4
thereof payables to affiliated companies	186.3	196.9
thereof other liabilities	14.0	11.0
<b>Deferred income</b>	<b>0.9</b>	<b>1.0</b>
<b>EQUITY AND LIABILITIES</b>	<b>2,389.4</b>	<b>2,387.7</b>

Key figures on the financial position		12/31/2021	12/31/2020
Asset structure (fixed assets / total assets)	[%]	84.4	81.0
Equity ratio (equity / total capital)	[%]	30.7	29.1
Asset coverage (equity / fixed assets)	[%]	36.4	35.9

The asset structure exhibits the portion of fixed assets to total assets. Equity ratio exhibits the portion of equity to total capital. Asset coverage is calculated as the ratio of equity to fixed assets.

Fixed assets increased from EUR 1,932.9 million in the previous year to EUR 2,017.0 million (EUR +84.1 million), with the increase in financial assets (EUR +109.4 million) being the main factor here. This is attributable to capital increase measures at affiliated companies (EUR +171.3 million) coupled with a decrease in loans to affiliated companies (EUR -61.3 million).

Current assets decreased from EUR 449.4 million in the previous year to EUR 368.5 million (EUR -81.0 million). This decline is mainly attributable to the decrease in cash and cash equivalents (EUR -98.5 million).

Equity increased by EUR 40.8 million (+5.9 percent) to EUR 734.6 million during the reporting period, a fact attributable to the higher current result. Equity's share of total capital now amounts to 30.7 percent, compared to 29.1 percent in the previous year.

Provisions fell from EUR 41.4 million to EUR 30.6 million (EUR -10.8 million). Both other tax provisions (EUR -1.7 million) and other provisions (EUR -8.9 million) were down in a year-on-year comparison.

While liabilities from bonds decreased to EUR 500 million (EUR -200 million) due to the repayment of a bond in the 2021 fiscal year, liabilities due to credit institutions increased by EUR 179.8 million to EUR 906.7 million.

Liabilities due to affiliated companies fell from EUR 196.9 million to EUR 186.3 million (EUR -10.6 million). This resulted on the one hand from lower cash pooling liabilities (EUR -73.8 million) and on the other hand from increased loan liabilities (EUR +63.8 million).

During the past financial year, NOVOMATIC AG's balance sheet total increased from EUR 2,387.7 million to EUR 2,389.4 million.

## Financial Position

EUR m	2021	2020
Cash flow from operating activities	24.9	73.8
Cash flow from investing activities (excluding acquisitions)	132.7	198.5
Free cash flow before acquisitions	157.6	272.4
Cash flow from acquisitions	-205.7	-88.0
Free cash flow after acquisitions	-48.1	184.3
Cash flow from financing activities	-50.5	-111.7
Net change in cash and cash equivalents	-98.5	72.6

In 2021, cash flow from operating activities totaled EUR 24.9 million, compared to EUR 73.8 million the previous year. While operating profit improved from EUR -84.7 million to EUR -30.4 million, the financial result was EUR 24.5 million lower than in the previous year. The previous year's financial result also included devaluation effects that reduced earnings but had no effect on cash and cash equivalents.

Cash flow from investing activities amounted to EUR -73.0 million in the reporting year, compared with EUR 110.5 million for 2020. Cash outflows for additions to financial assets in the cash flow from acquisitions are of particular note here. In the 2021 fiscal year, cash outflows for capital increases and loans to affiliated companies were EUR 117.7 million higher at EUR 205.7 million. In the previous year, proceeds from the disposal of financial assets were also EUR 76.2 million higher than in the previous year.

Cash flow from financing activities increased compared with the previous year's period (EUR -111.7 million) and amounted to EUR -50.5 million in the 2021 fiscal year. Cash outflows resulting from the repayment of the bond in the amount of EUR 200.0 million and the reduction in non-current liabilities due to banks (EUR -70.2 million) were largely offset by the raising of current liabilities to banks (EUR +250.0 million). In the previous year, repayments of financial liabilities were financed by drawing on the revolving credit facility, although dividend payments of EUR 50.0 million were also made in the previous year.

## Investments in Intangible Assets, and Property, Plant and Equipment

Investments in intangible assets, and property, plant and equipment came to a total of EUR 9.2 million in 2021. The most significant items here are advance payments made for software, software, equipment, fixtures, furniture and office equipment.

## Investments in Financial Assets (Acquisitions)

The main items related to capital increases (EUR 154.2 million) and loans to existing subsidiaries (EUR 51.0 million).

## Financing

In the 2021 fiscal year, liabilities due to banks and liabilities from bonds were reduced by EUR 20.2 million.

In order to repay a bond in the amount of EUR 200.0 million in June 2021 and to repay non-current liabilities to banks, short-term refinancing of EUR 100.0 million and EUR 140.0 million was raised.

As of December 31, 2021, EUR 385.0 million of the EUR 1.0 billion syndicated revolving usable credit line with a term until March 1, 2024 was utilized and EUR 615.0 million was freely available. In addition, a bilateral overdraft facility of EUR 10.0 million was drawn in the fiscal year and was utilized in this amount as of December 31, 2021.

In February 2022, NOVOMATIC AG made a repurchase offer (repurchase for cash) to the holders of its bond 2016-2023 (EUR 500.0 million, ISIN AT0000A1LHT0). The Company accepted all valid offers of the bond for purchase. The result of the repurchase offer led to the tender of bonds with a total nominal amount of EUR 262.4 million. After settlement, bonds with a nominal amount of EUR 237.6 million remain outstanding.

## (4) Non-Financial Performance Indicators

Regarding the reporting of the consolidated non-financial statement, reference is made to the separate, non-financial report of NOVOMATIC AG according to the Sustainability and Diversity Improvement Act (NaDiVeG).

## (5) Prospective Development of the Company

NOVOMATIC AG, as a sole proprietorship and industrial enterprise, anticipates an increase in revenues in 2022. This is due in particular to the growth in production revenues from intra-Group business relationships, which will return to customary levels in the core markets now that gaming facilities reopened in 2021 and sales volumes started rising again. Earnings on ordinary activities are set to rise with the cost of materials rising in line with sales, higher personnel costs due to an increase in the number of employees, rising other operating expenses as a result of growing business activity, and a rising financial result.

The escalation of the Russian-Ukrainian conflict in February 2022 means that the further course of business in the newly developed market of Ukraine cannot yet be estimated. The sanctions imposed on Russia and Belarus will also lead to uncertainties for the Group in these countries in 2022. There is not expected to be a significant negative impact on the Group's net assets, financial position and results of operations given the low overall exposure in these markets.

## (6) Risk Management

### Risk Management System

NOVOMATIC engages in extensive risk management that involves all major Group companies. The risk management system aims at systematically identifying, evaluating, controlling, monitoring and documenting material risks and risks directly jeopardizing the company's existence in order to ensure achievement of the corporate objectives and to increase risk awareness within the Group.

All risks, which are determined and analyzed systematically, are recorded within a professional, IT-based risk management system which ensures that risks as well as the assigned management measures and control mechanisms are monitored on a permanent basis.

For continued monitoring of the risk situation and to ensure active controlling, the risks are assigned to the responsible individuals within the individual corporate areas and Group companies. It lies within the responsibilities of the risk officers to identify, document and evaluate emergent risks, define and implement measures aimed at dealing with the individual risks and to perform reassessments of the identified risks at regular, defined intervals. Central risk management supports the individual areas in a consulting function and ensures the continuous updating and further development of the risk management system.

### Compliance

In addition to the types of risk described below, there are also threats related to the reputation and the competitiveness of the company as a whole. As one of the basic principles of entrepreneurial activities, NOVOMATIC pays particular attention to compliance with statutory and ethical regulations.

The term "compliance" is used to describe all measures with which the company ensures that laws, regulations and voluntary codes are adhered to. NOVOMATIC's compliance activities focus mainly on measures aimed at ensuring that national and international laws on the avoidance of criminal acts, such as corruption, market abuse, money laundering and misuse of data, are adhered to.

The Group's compliance management system is based on the seven core elements of the German audit standard for compliance management systems, IDW PS 980, and pursues the goal of ensuring compliance with legal provisions and corporate values set out in the Code of Conduct of NOVOMATIC AG. In the Code of Conduct, employees find guidelines and principles for values-based and lawful behavior during day-to-day business activities. This Code of Conduct also provides the basis for training activities related to integrity and compliance. Depending on the risk and the target group, training sessions requiring personal attendance, as well as web-based training events, are held. In-house-developed e-learning tools and training measures allow a large number of employees to be educated on issues such as data protection, money laundering or the fight against corruption.

All major subsidiaries have appointed compliance officers for each country or region. The relevant duties of the local compliance managers are defined as binding in a separate Group guideline and include in particular advising the local Group subsidiaries on compliance issues, monitoring of the respective local law, training employees, implementing Group guidelines and reporting to Group Legal Compliance. This is intended to make a significant contribution to ensuring that ethical and rule-abiding behavior is sustainably anchored throughout the entire Group.

### Significant Risks and Uncertainties

The following is a detailed description of the risks and uncertainties that can have a major influence on the net assets, financial and earnings position as well as the reputation of the NOVOMATIC AG Group.

## Business and Market Risks

### General economic conditions, M&A risks, innovation risks, and IT risks

The NOVOMATIC AG Group's business is dependent on general economic conditions. A deterioration of general economic conditions, increasing unemployment, declining real incomes and increased volatility in the capital markets could have a significant negative impact on the net assets, financial and earnings positions of the NOVOMATIC AG Group.

A central element of the NOVOMATIC AG Group's strategy is the geographic diversification of its business by entering markets that offer opportunities for growth. There is a risk that in the future, for various reasons including legal conditions, the NOVOMATIC AG Group may not or may only to a limited extent be able to pursue this strategy or may not be able to expand its product and/or service offerings.

The NOVOMATIC AG Group generates the majority of its revenues in a limited number of markets. As these are relatively well-developed markets, further growth opportunities are rather limited. The NOVOMATIC AG Group plans to expand its business activities in other markets, an effort for which corresponding resources are being deployed. There is a risk that the anticipated growth in these countries and regions will not be realized, and/or that the NOVOMATIC AG Group will not be successful in implementing its strategies there.

Generally speaking, the gaming industry is characterized by rapid technological development, which forces the NOVOMATIC AG Group to continuously develop new products and enter new markets. The NOVOMATIC AG Group's success therefore depends on its ability to continuously enhance the development of its products and systems in order to integrate new technologies and expand into new markets created by new technologies. In a highly technology-dependent field of business where new technologies are developed or used within short innovation cycles, there is a risk that NOVOMATIC may not recognize innovative technologies and developments at a sufficiently early stage.

By the same token, the integrity, reliability and operative performance of the NOVOMATIC AG Group's IT systems are essential to the business. In particular, device manipulation could force the NOVOMATIC AG Group to use considerable financial resources to remedy the situation.

The COVID-19 pandemic and the associated economic constraints continue to challenge the Group. The medium- and long-term impact of the COVID-19 pandemic cannot yet be conclusively assessed. It is possible, however, that the Group's net assets, financial position and results of operations will continue to be negatively impacted by the COVID-19 pandemic.

The NOVOMATIC AG Group is affected by supply shortages that impact production. In addition to the effects of the pandemic, the Ukrainian-Russian conflict is also causing uncertainty in the procurement market.

## Personnel Risks

### Key Personnel Risks, Knowledge Risk

NOVOMATIC's business success comes thanks to the existing knowledge and expertise of its management and employees. Should one or several individuals in key positions leave the company, there is a risk that NOVOMATIC might not be able to recruit or train qualified individuals with comparable know-how within an appropriate period of time to deal with emerging challenges.

## Legal and Political Risks

### Political Instability, Regulatory Changes: Gaming and Other Laws, Dependency on Licenses and Competition Regulations; Intellectual Property, Privacy

The NOVOMATIC AG Group's international business entails economic, political, legal and other risks. The NOVOMATIC AG Group conducts business in more than 70 countries. Some of these countries are politically or economically unstable which subjects the NOVOMATIC AG Group to risks. Social unrest or strikes could force the NOVOMATIC AG Group to interrupt or halt its business activities.

The gaming industry is subject to particularly frequent and sudden legal amendments that can make business significantly more difficult or prohibit it entirely. Insufficient legal or administrative conditions in some countries can furthermore provide insufficient protection for the NOVOMATIC AG Group's intellectual property or other rights. In some of these countries, crime and corruption are widespread, which could have a negative impact on the NOVOMATIC AG Group's business.

The NOVOMATIC AG Group operates on the basis of currently prevailing political, economic, legal, and fiscal conditions, and is subject to the risk of changes to legal and taxation related framework conditions. Changes which have already been adopted or other restrictions in other jurisdictions (e.g., gaming tax hikes or stricter competition laws) also have a sustained impact on the NOVOMATIC AG Group's business activities.

Gaming, and in particular online gaming, is currently not harmonized at the EU level. The individual legal frameworks of the EU Member States are, in some cases, disputed among gaming law experts. There is a risk that, in the future, additional limitations with regard to gaming and betting could be implemented at a national level. In addition to this, regulatory measures (e.g., access restrictions, stricter player protection measures, provisions for the protection of non-smokers, technical requirements, advertising bans or location requirements) could be introduced. Such measures could result in a decline in the number of visitors and the revenues earned.

There continue to be risks due to the dependence on national licenses, regulations on competition and statutory provisions regarding the operation of gaming and betting facilities as well as risks due to the dependence on production, sales and product licenses: In the countries where the NOVOMATIC AG Group does business, the operation of gaming and betting facilities requires a license, concession or other type of permission from the authorities in charge. Such licenses/concessions are usually granted for a limited period of time or in the form of license agreements with limited duration. Should no option for prolongation be provided or if an extension were only possible under economically unacceptable or untenable conditions or requirements, the NOVOMATIC AG Group would need to participate in new tender procedures in order to recover such a license/concession.

Moreover, in the countries where the NOVOMATIC AG Group does business, a permit from a state gaming authority is frequently required in order to be able to sell gaming machines and other gaming products and services. Both manufacturing and sales licenses are generally granted for a limited period of time and are subject to an audit plus subsequent certification by the competent inspecting authorities. Once licenses have been granted, they are usually extended automatically, provided that all license requirements are met. The possibility cannot be excluded that, despite the utmost care, legal provisions, regulatory requirements, technical standards or licensing conditions may not be complied with within the NOVOMATIC AG Group, which could result in the partial or complete withdrawal of a license, the determination of breaches of competition laws, or other types of damage to the NOVOMATIC AG Group's net assets, financial position and results of operation, or its reputation.

The NOVOMATIC AG Group develops, produces and sells sophisticated technological gaming equipment and systems that are to a large extent protected by industrial property rights such as trademark protection rights, patent rights and rights for the protection of registered designs as well as copyright. There is a risk in respect of intellectual property (third parties violating industrial property rights or copyrights belonging to the NOVOMATIC AG Group as well as of the NOVOMATIC AG Group violating the industrial property rights or copyrights of third parties). In particular, there is a risk that developments owned by the NOVOMATIC AG Group might be copied and illegally used or introduced to the market by third parties.

The NOVOMATIC AG Group is subject to the risk of being unable to sufficiently protect its customer data. The NOVOMATIC AG Group holds information about its customers which is in part sensitive (name, address, age, bank data and gaming tendencies) and must follow the strict data protection rules stipulated by the EU and other jurisdictions. Despite the security systems implemented by the NOVOMATIC AG Group, there is the risk that customer data could be retrieved and/or used illegally, either by employees or by customers or third parties. There is also the risk that customer data might be deleted, disclosed or edited involuntarily or in violation of data protection regulations. Should the NOVOMATIC AG Group or one of its external service providers transmit customer data without sufficient protection or should confidential customer data be lost in any other way, the NOVOMATIC Group might be held liable under data protection laws, which would also damage the Group's reputation.

The Russian attack on Ukraine, which began in February 2022, calls into question positive sales developments in these markets in the short term. Medium- and long-term effects of this conflict cannot yet be conclusively assessed. At the present time, there is no indication of a negative impact on the Group's net assets, financial position and results of operations due to the low overall exposure in these markets. The additionally imposed sanctions/embargoes against Russia and Belarus due to the crisis in Ukraine, as well as potential extensions or countermeasures thereof, could also have a negative impact on the companies of the NOVOMATIC AG Group based in the affected countries and their business partners or on the cooperation with them.

### Financial Risks

#### Liquidity Risks, Counterparty Risks, Interest Rate Risks, Currency Risks, Impairment Risks in Connection with Investment Valuations and Risks in Connection with Capital Investments

The NOVOMATIC AG Group is subject to financial risks in the form of capital risks, liquidity risks, counterparty risks, interest rate risks, currency risks, impairment risks related to investment valuations and risks related to capital investments. In order to limit these risks, NOVOMATIC makes use of risk-control measures and financial instruments, if necessary.

Extensive descriptions of the individual risks, including the methods used to hedge the risks mentioned above, are provided in the notes to the consolidated financial statement.

Due to its contractually agreed financial covenants, the NOVOMATIC AG Group is required in its major financing agreements to maintain an equity ratio of at least 15.0 percent and net debt in relation to the EBITDA of not more than 4.625x. The financing agreements provide for certain adjustments to the above standard calculation when determining these two ratios. Taking into account this adjusted calculation, the NOVOMATIC AG Group has complied with the contractually agreed financial covenants as of December 31, 2021.

Due to the COVID-19 pandemic, which has been ongoing since March 2020, and the resulting decline in earnings, an adjustment of the net debt to EBITDA key financial performance indicator was agreed with the lenders in February 2021 for the main financing agreements of NOVOMATIC AG up to and including June 29, 2022 (waiver). These financial KPIs are linked to various economic consequences, ranging from interest rate terms to lender termination rights. As part of this financing, a maximum level of 7.0x was agreed for the net debt-to-EBITDA key financial performance indicator for the test dates of December 31, 2020, June 30, 2021, and December 31, 2021, and compliance with the key figure at any time between the test dates was completely suspended. The equity ratio was left unchanged by the waiver at a minimum of 15 percent. Each lender gave its consent to the required contract amendments, resulting in a 100 percent lender consent rate.

### **(7) Important Features of the Internal Control System Relevant to the Financial Reporting Process (section 243a (2) UGB)**

As part of the Company's risk management system, the aim of the internal control system (ICS) is to ensure the reliability of financial reporting along with compliance with legal and internal requirements.

NOVOMATIC AG's Executive Board is responsible for the establishment of an appropriate ICS concerning the accounting process.

Starting with the main financial items on the balance sheet and income statement, the ICS must consider the most important transaction flows in terms of their risks. The ICS is managed in a structured way in line with the areas of responsibility as defined by the organizational structure. Internal rules and procedural guidelines are also an essential part of the control environment.

In order to avoid material misstatements when presenting transactions, any identified risks are analyzed and assessed with a view to introducing meaningful and effective control mechanisms to ensure accuracy in the ongoing accounting process. As part of the activities involved in preparing the annual report, additional targeted risk analyses are carried out to ensure that accounts are closed properly and carefully.

In accordance with the transaction flows defined as significant, which then are ultimately included in the finance division's financial reports, workflows are analyzed with regard to their inherent risks and corresponding control activities are defined. The aim of this procedural approach is to ensure that the individual transactions are correctly recorded in the annual financial statement. The various controls of varying degrees and intervals comprise automated controls in the accounting software on the one hand and manual controls by employees in accounting and the departments upstream of the accounting process on the other. The accounting department carries out extensive plausibility and data quality checks, among other things, to ensure that data destined for the annual report is correctly recorded. The accounting department also draws on the support of external service providers for some matters that require specialized knowledge, such as the valuation of pension obligations and entitlements to severance pay. Any changes in accounting and valuation policies are reviewed to ensure that they are in compliance with the law.

For the accounting-related IT system, access privileges have been defined to ensure that sensitive data is protected from unauthorized access, use and modification.

The Executive Board of NOVOMATIC AG keeps abreast of relevant developments in the Company through regular reports prepared by the financial department. This includes, above all, the current earnings development as well as any major deviation from the approved annual budget detected, the calculation of the cash flow and the calculation of result- and value-oriented key figures.

The Supervisory Board of NOVOMATIC AG is also included in the control system via the auditing committee. The auditing committee's main responsibilities include monitoring the accounting process, monitoring the internal control and risk management system, monitoring the audit of the financial statement and critically appraising the audited financial statement as well as the management report.

## **(8) Research and development**

Thanks to 30 technology centers in 15 different countries, the NOVOMATIC AG Group is a pioneer in the development of innovative products and systems solutions in the area of gaming. The Group's development activities focus both on "Distributed Gaming Solutions" and on gaming content and application software. The software system solutions developed include in particular management information systems, ticketing and smartcard systems, access systems, video lottery systems, biometric player recognition, links to government regulators, player protection programs, gaming as a service, online and mobile gaming system solutions, and jackpot systems such as the CASH CONNECTION™ jackpot for Europe as well as multiplayer and community gaming systems. Both modular software architecture and interoperability of the various developments are crucially important.

Open platform architecture as well as development teams specializing in a variety of individual market segments guarantee that corporate development activities are suitable for both homogeneous markets and market niches. In addition, the open platform infrastructure allows for the integration of third-party providers and their gaming applications as a means of satisfying market needs in a better and faster manner.

In developing the newest generation of cabinet variants and models, which start new industry trends, industrial design is an important factor. Innovation in terms of hardware includes new and ergonomic cabinet designs for casino, video lottery and AWP

gaming markets with possible control of up to five monitors, skill-based roulette terminals with state-of-the-art ball release mechanisms, the new PANTHERA™ cabinet as well as V.I.P. terminals with giant screen technology and dynamic lighting effects based on single LED technology.

Linked Progressive Jackpots are another addition to the games on offer, as shown in the USA, for example, where the new MONEY PARTY™ jackpot family was successfully established. The follow-up mix has also already been rolled out for Europe with CASH CONNECTION™ Edition 2. The company also launched the Gaminator® MY CASH Edition 1 for Coolfire™ platform.

Development is supported by hardware and software development teams in Austria, Germany, the United Kingdom, Spain, the Netherlands, Serbia, Russia, Argentina, Canada, and Poland, working either in-house or closely with the Group, as well as by exclusive partnerships with developers in Slovenia, Greece, the USA, and Australia.

The global importance of intellectual property protection is on the rise. The company had more than 4,200 registered IP trademark rights at the end of 2021 and usually more than 100 applications are added each year. The Group is constantly developing new products and product variations, resulting in over 200 new gaming variants per year. With the help of the NOVOMATIC software development kit (NSDK), it is possible to add games developed by third parties (who use this SDK) to the portfolio immediately. NOVOMATIC's extensive gaming portfolio is also growing steadily thanks to the fact that many companies around the world are now using the NSDK.

## (9) Acknowledgments

We would like to thank all employees of the NOVOMATIC AG for their strong commitment, with which they have made a major contribution to the company's further development and success. We are especially indebted to the Supervisory Board under the leadership of Dr. Bernd Oswald, and we would also like to acknowledge the positive relationships with our capital providers and business partners, relationships which have always been characterized by a good collaboration.

Gumpoldskirchen, March 23, 2022

**Ryszard Presch**  
Executive Board

**Johannes Gratzl**  
Executive Board

# NOVOMATIC AG

# BALANCE SHEET

as of December 31, 2021

## Assets

	12/31/2021	12/31/2020
	EUR	KEUR
<b>A. Fixed assets</b>		
<b>I. Intangible assets</b>		
1. Concessions, industrial property rights and similar rights and benefits and licenses derived therefrom	5,791,152.98	6,632
2. Advance payments	6,944,391.54	5,851
	12,735,544.52	12,483
<b>II. Property, plant and equipment</b>		
1. Land, buildings and improvements to third party buildings	87,112,881.05	108,728
2. Plant and machinery	6,871,603.36	8,804
3. Other equipment, factory and office equipment	6,985,184.44	8,988
4. Prepayments and tangible assets in course of construction	128,900.00	68
	101,098,568.85	126,589
<b>III. Financial assets</b>		
1. Investments in affiliated companies	1,674,620,524.93	1,503,362
2. Loans to affiliated companies	178,741,449.66	240,051
3. Investments	24,175,444.55	24,175
4. Loans to associated companies	325,162.35	340
5. Securities held as fixed assets (value rights)	17,891,204.97	17,613
6. Other loans	7,441,872.98	8,267
	1,903,195,659.44	1,793,808
	<b>2,017,029,772.81</b>	<b>1,932,880</b>

<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw material and supplies	45,141,234.12	38,056
2. Work in progress	14,406,088.78	12,995
3. Finished goods and trade goods	27,544,640.81	34,701
4. Advance payments	1,303,402.84	1,161
	88,395,366.55	86,912
<b>II. Receivables and other Assets</b>		
1. Trade receivables, thereof with a remaining term of more than one year EUR 407,919.42 (previous year: KEUR 157)	26,423,159.13	26,831
2. Receivables from affiliated companies thereof with a remaining term of more than one year EUR 1,718,475.66 (previous year: KEUR 2,571)	185,983,352.28	168,583
3. Other receivables and assets, thereof with a remaining term of more than one year EUR 188,374.38 (previous year: KEUR 20)	39,578,388.83	39,515
	251,984,900.24	234,929
<b>III. Securities and interests</b>		
Other securities and interests	0.00	979
<b>IV. Cash, bank deposits</b>		
	28,085,765.08	126,619
	<b>368,466,031.87</b>	<b>449,440</b>
<b>C. Prepaid expenses</b>		
Prepaid expenses	<b>3,896,188.54</b>	<b>5,340</b>
	<b>2,389,391,993.22</b>	<b>2,387,660</b>

## Equity and Liabilities

	12/31/2021	12/31/2020
	EUR	KEUR
<b>A. Equity</b>		
<b>I. Requested and paid-up share capital</b>		
	26,590,000.00	26,590
<b>II. Capital reserves</b>		
Appropriated capital reserves	85,386,371.00	85,386
<b>III. Retained earnings</b>		
1. Legal reserve	1,623,629.00	1,624
2. Tied-up reserves from the merger	216,400,000.00	216,400
3. Other reserves (free reserves)	15,395.39	15
	218,039,024.39	
<b>IV. Retained profits</b>		
thereof profit carryforward EUR 363,745,511.68 (previous year: KEUR 352,317)	404,571,341.42	363,746
	<b>734,586,736.81</b>	<b>693,761</b>
<b>B. Investment grants</b>		
Investment grants	27,993.24	0
<b>C. Provisions</b>		
1. Provisions for severance payments	10,720,691.00	10,933
2. Provisions for taxes	2,834,151.00	4,525
3. Other provisions	17,052,633.36	25,989
	<b>30,607,475.36</b>	<b>41,447</b>

<b>D. Liabilities</b>		
thereof with a remaining term of up to one year	EUR 530,321,497.31 (previous year: KEUR 487,762)	
thereof with a remaining term of more than one year	EUR 1,092,991,156.36 (previous year: KEUR 1,163,667)	
<b>1. Bonds</b>		
thereof with a remaining term of up to one year	EUR 0.00 (previous year: KEUR 200,000)	
thereof with a remaining term of more than one year	EUR 500,000,000.00 (previous year: KEUR 500,000)	700,000
<b>2. Due to banks</b>		
thereof with a remaining term of up to one year	EUR 313,704,545.45 (previous year: KEUR 63,705)	
thereof with a remaining term of more than one year	EUR 592,988,636.36 (previous year: KEUR 663,193)	726,898
<b>3. Prepayments on orders received</b>		
thereof with a remaining term of up to one year	EUR 1,043,470.65 (previous year: KEUR 1,271)	1,271
<b>4. Trade payables</b>		
thereof with a remaining term of up to one year	EUR 15,307,344.54 (previous year: KEUR 15,358)	15,358
<b>5. Liabilities towards affiliated companies</b>		
thereof with a remaining term of up to one year	EUR 186,316,084.34 (previous year: KEUR 196,894)	196,894
<b>6. Other liabilities</b>		
thereof with a remaining term of up to one year	EUR 13,950,052.33 (previous year: KEUR 10,535)	
thereof with a remaining term of more than one year	EUR 2,520.00 (previous year: KEUR 474)	
thereof taxes	EUR 384,826.46 (previous year: KEUR 288)	
thereof social security	EUR 1,874,712.40 (previous year: KEUR 1,714)	11,009
	<b>13,952,572.33</b>	
		<b>1,623,312,653.67</b>
		<b>1,651,429</b>
<b>E. Prepaid expenses</b>		
Prepaid expenses	<b>857,134.14</b>	<b>1,024</b>
	<b>2,389,391,993.22</b>	<b>2,387,660</b>

# NOVOMATIC AG

# INCOME STATEMENT

For the period from January 1 to December 31, 2021

	01-12/2021	01-12/2020
	EUR	KEUR
1. Sales	239,863,102.10	231,839
2. Changes in inventories of finished goods and work in progress	-6,050,179.48	2,981
3. Other own work capitalized	2,209,324.58	2,210
4. Other operating income		
a) Income from the disposal of and additions to fixed assets, excluding financial assets	6,760,462.33	8,674
b) Income from the release of provisions	2,045,895.17	2,732
c) Other	16,030,013.97	4,315
	24,836,371.47	15,721
5. Expenses for material and other purchased manufacturing services		
a) Costs of material	-92,319,638.55	-105,379
b) Cost of purchased services	-42,004,633.39	-48,686
	-134,324,271.94	-154,066
6. Personnel costs		
a) Wages thereof from reimbursements for temporarily reduced working hours EUR 977,765.12 (previous year: KEUR 1,947)	-7,026,599.89	-7,062
b) Salaries thereof from reimbursements for temporarily reduced working hours EUR 1,727,877.31 (previous year: KEUR 7,362)	-53,034,611.79	-55,093
c) Social expenses		
aa) Expenses for severance payments and contributions to external severance payments funds	-1,643,971.01	-1,739
bb) Cost of statutory social security, payroll-related taxes and mandatory contributions	-15,982,332.11	-18,020
cc) Other	-1,129,379.81	-772
	-18,755,682.93	-20,531
	-78,816,894.61	-82,686
7. Amortization and Depreciation of intangible assets and of tangible assets	-16,648,861.18	-18,966
8. Other operating income		
a) Taxes, not included in line 18	-423,721.65	-4,385
b) Other	-61,076,151.12	-77,359
	-61,499,872.77	-81,743
<b>9. Subtotal of lines 1 to 8 (Operating profit)</b>	<b>-30,431,281.83</b>	<b>-84,709</b>

10. Investment income thereof from affiliated companies EUR 66,447,782.69 (previous year: KEUR 148,066)	68,594,492.29	152,233
11. Income from other investments and long-term loans thereof from affiliated companies EUR 9,255,250.49 (previous year: KEUR 11,444)	10,148,228.48	12,637
12. Other interest and similar income thereof from affiliated companies EUR 3,882,816.28 (previous year: KEUR 3,454)	3,925,860.45	3,960
13. Income from the disposal of and the appreciation to financial assets	56,743,039.91	26,734
14. Expenses from financial assets and securities held as current assets	-33,924,313.84	-74,349
a) Depreciation EUR -33,788,435.12 (previous year: KEUR -73,665)		
b) Expenses from affiliated companies EUR -33,668,028.66 (previous year: KEUR -70,185)		
15. Interest and similar expenses thereof from affiliated companies EUR -31,261.23 (previous year: KEUR -140)	-35,844,230.45	-27,077
<b>16. Subtotal of lines 10 to 15 (Financial result)</b>	<b>69,643,076.84</b>	<b>94,138</b>
<b>17. Earnings before tax (Subtotal of line 9 and 16)</b>	<b>39,211,795.01</b>	<b>9,429</b>
18. Taxes on income thereof tax apportionment EUR 1,623,115.24 (previous year: KEUR 2,355)	1,614,034.73	2,000
<b>19. Earnings after taxes = Net income of the year</b>	<b>40,825,829.74</b>	<b>11,429</b>
20. Profit carryforward from the previous year	363,745,511.68	352,317
<b>21. Retained profits</b>	<b>404,571,341.42</b>	<b>363,746</b>

# NOTES

For the 2021 Fiscal Year

## I. ACCOUNTING AND VALUATION PRINCIPLES

The annual financial statements as at December 31, 2021 have been prepared in accordance with the accounting provisions of the Austrian Commercial Code as amended.

The annual accounts were prepared in compliance with the relevant requirements and generally accepted accounting principles to present a true and fair view, in all material respects, of the net asset and of the financial and earnings position of the company.

The principles of completeness and freedom from arbitrariness were adhered to. Valuation followed the principles of adequate and orderly accounting as well as the going concern assumption, and was based upon the valuation principles applied to last year's annual accounts, unless changes in the valuation principles are explicitly stated for individual items. Assets and liabilities were assessed individually as of the balance sheet date.

In doing so, the principle of appropriate prudence was followed in that only profits which had been realized as of the balance sheet date were reported and all recognizable risks and impending losses which arose during the financial year or a previous financial year were taken into account.

The income statement was prepared using the total cost accounting method. Balance sheet items and items of the profit and loss statement which did not show a balance during the current or the previous financial year were not disclosed as per section 223(7) of the Austrian Commercial Code (UGB).

The intangible assets, only if acquired against payment, as well as the property, plant and equipment were stated at cost of acquisition or production less the scheduled depreciation corresponding to the expected useful life and less any potentially necessary extraordinary depreciation. Low-value assets with cost of acquisition of less than EUR 800.00 are fully depreciated in the year of acquisition or manufacture.

In principle, inventories were valued at acquisition or production cost. In the event of a lower fair value due to economic or technical impairments, such lower fair value was applied.

Receivables and other assets were stated at nominal value less necessary allowances, discounts for above-average time outstanding and a global valuation allowance of two percent of the net receivables outstanding as of the balance sheet date. Foreign currencies were valued at the foreign exchange rate at the date of transaction or at the offered rate as of the balance sheet date, if lower.

In application of the principle of prudence, all identifiable risks and all liabilities of uncertain amount and/or origin were considered by setting up provisions according to reasonable commercial judgment.

Liabilities were valued at their settlement amount. Liabilities in foreign currency were valued at the foreign exchange rate offered at the balance sheet date or at a higher purchase rate at the date of transaction.

Due to the financial rounding of individual values and percentages, insignificant discrepancies may arise.

## II. EXPLANATIONS CONCERNING THE BALANCE SHEET

### ASSETS

#### A. Fixed Assets

##### 1. Intangible Assets and Property, Plant and Equipment

Fixed assets are stated at cost of acquisition or production less planned linear depreciation corresponding to the estimated useful life. Write-downs and write-ups are made if the corresponding conditions exist according to the provisions of Section 204 para. 2 and Section 208 para. 1 of the Austrian Commercial Code.

The development of each item in the fixed assets and the breakdown of the annual depreciation are shown in the fixed assets schedule attached as Supplement 1.

##### 1.1 Intangible Assets

Intangible assets are stated at acquisition cost less planned linear depreciation according to a useful life of four to ten years.

The intangible assets can be broken down as follows:

KEUR	31.12.2021	31.12.2020
Rights	1,270	1,239
Software	3,396	3,143
Technical software	1,125	2,250
Advance payments	6,944	5,851
<b>Total</b>	<b>12,736</b>	<b>12,483</b>

There were additions (including transfers) to rights of KEUR 194 in the 2021 fiscal year (previous year: KEUR 0).

With regard to standard and administrative software, acquisition costs (including transfers) of KEUR 1,546 (previous year: KEUR 288) were capitalized.

There were no additions to technical software in the 2021 fiscal year (previous year: KEUR 0).

The advance payments of KEUR 6,944 (previous year: KEUR 5,851) continue to relate to the current SAP project.

## 1.2 Property, Plant and Equipment

### Land, buildings and improvements to third-party buildings

The real estate value of undeveloped and developed land amounts to KEUR 24,431 (previous year: KEUR 31,933).

Land, buildings and improvements to third-party buildings are valued at cost less depreciation (spread over 10 to 50 years for buildings).

Additions (including transfers) to building values, investments in rental properties and buildings on non-owned land amounting to KEUR 24 (previous year: KEUR 315) concern conversion work at the Gumpoldskirchen site.

### Machines, tools and gaming machines

This item breaks down as follows:

KEUR	31.12.2021	31.12.2020
Plant and machines	1,236	1,531
Tools and tool costs	1,846	1,589
Gaming machines	3,790	5,684
<b>Total</b>	<b>6,872</b>	<b>8,804</b>

Machines, tools and gaming machines are valued at cost less depreciation (spread over 1 to 19 years for machines, 1 to 5 years for tools and 4 years for gaming machines).

Additions of KEUR 1,470 (previous year: KEUR 1,786) relate to own made gaming devices and betting terminals. Other acquisitions in the area of production machinery and tools (production forms) were to be capitalized in the amount of KEUR 725 (previous year: KEUR 33) or KEUR 1,725 (previous year: KEUR 676).

### Factory and office equipment

Factory and office equipment are valued at cost less depreciation (spread over 1 to 10 years).

Additions mainly relate to IT hardware, other office equipment amounting to KEUR 1,086 (previous year: KEUR 944) and fleet acquisitions of KEUR 914 (previous year: KEUR 1,695).

Low-value assets with a cost of acquisition of less than EUR 800.00 are fully depreciated in the year of acquisition or production.

## 2. Financial Assets

Financial assets are valued at their cost of acquisition.

Securities are valued at their cost of acquisition or at their lower market values as of the balance sheet date.

NOVOMATIC AG annually evaluates the value of investments in affiliated companies. Carrying amounts of domestic and foreign investments will be written down in case of:

- a persistent deterioration of earnings
- the necessity of support from the shareholder
- deficient means and measures as a result of the acquisition
- reorganization measures that will not result in substantial profits in the foreseeable future and represent deficiencies that cannot be eliminated anytime soon
- losses that can no longer be absorbed by the affiliated company alone.

Impairment is not made in cases of mere start-up losses.

If the grounds for an impairment made in the past disappear, an addition is to be made up to the amount of the original costs of acquisition.

Additions (including transfers) of KEUR 154,212 (previous year: KEUR 74,327) to investments in affiliated companies are mainly due to acquisitions and capital increases of companies in Italy, Africa, Austria, Mexico, North Macedonia, USA, Spain, Serbia, and Uganda. The disposals of investments in affiliated companies amounting to KEUR 886 (previous year: KEUR 14,232) are primarily attributable to the sale of celix Solutions GmbH and NOVOMATIC Technologies RS d.o.o. Impairment losses on investments in affiliated companies in the fiscal year amount to KEUR 33,668 (previous year: KEUR 70,801) and relate primarily to the following subsidiaries: Crown Gaming Mexico S.A.V (KEUR 12,425), Novo Investment RO Srl (KEUR 12,312), Makoten DOOEL (KEUR 5,333) and Albanisch Österreichische Lotterien Holding GmbH (KEUR 2,075). The write-ups of investments in affiliated companies amounted to KEUR 52,400 in the financial year (previous year KEUR 5,480) and relate to the subsidiaries Ainsworth Technology Ltd. (KEUR 19,255), Casino Royal GmbH (KEUR 21,170), NOVOMATIC Gaming Spain S.A. (KEUR 6,795) and Azarto Technika UAB (KEUR 5,180). Investments in affiliated companies are presented in detail under item IV. Information on significant investments.

There were no additions or disposals of securities (uncertificated securities) held as fixed assets.

Additions to loans granted to affiliated companies amount to KEUR 50,957 (previous year: KEUR 12,659). These relate in particular to long-term investments in subsidiaries in Italy, Germany, Spain, Latvia, Estonia, and Uganda. Disposals totaling KEUR 114,507 (previous year: KEUR 74,680) related in particular to repayments of Dutch, Italian, and Spanish subsidiaries.

Additions to other loans amount to KEUR 491 (previous year: KEUR 1,002) and relate solely to the charging of interest on loans granted. Disposals relate mainly to the timely repayment of loans of KEUR 765. Impairment losses increased from KEUR 13,619 to KEUR 13,679 in view of the critical view taken of the value of individual loans.

Of loans granted to affiliated companies, an amount of KEUR 64,675 (previous year: KEUR 20,033) is due within one year.

Of the other loans, an amount of KEUR 1,483 (KEUR 2,289) is due within one year.

## B. Current Assets

### 1. Inventories

Inventories were valued at acquisition and production costs in observance of the strict lowest value principle. In determining the production costs for finished goods, the directly allocated costs as well as the proportionate share in overhead costs were taken into account.

In the event of a lower fair value, an according adjustment was made. In particular slow sellers which have remained untouched for six months or more were depreciated by 30 to 100 percent. For inventories with a stock level which makes an above-average term appear probable, an adjustment was made based on the principle of loss-free valuation. In addition to this, any decreased fair value was taken into account through lower cost prices.

### 2. Receivables and Other Assets

#### 2.1 Trade Receivables

Trade receivables are stated at nominal value. In cases of apparent individual risk, the probable recoverable amount was recognized. The outstanding receivables were discounted for the purpose of taking into account the time outstanding of these receivables.

For general credit risks, a valuation allowance of two percent of the outstanding and unsecured net receivables was applied.

This resulted in the following individual receivable amounts.

KEUR	31.12.2021	31.12.2020
Trade receivables towards third parties	35,819	35,896
Valuation allowances	-8,928	-7,997
Discount due to long maturity	-213	-253
Global valuation allowance	-140	-164
Foreign currency valuation	-115	-651
<b>Carrying out as of 31/12/2021</b>	<b>26,423</b>	<b>26,831</b>

#### 2.2 Receivables from Affiliated Companies

Receivables from affiliated companies in the amount of KEUR 185,983 (previous year: KEUR 168,583) relate, with KEUR 150,524, to trade receivables (previous year: KEUR 142,189). Other receivables from affiliated companies amounting to KEUR 35,459 (previous year: KEUR 26,394) relate primarily to charging for cash pooling, tax apportionments, and dividend claims.

The individual value adjustments of receivables from affiliated companies include, in particular, provisions for outstanding trade receivables, which are associated with a high risk due to the current Ukrainian-Russian conflict.

#### 2.3 Other Receivables and Assets

Other receivables and assets amounting to KEUR 39,578 (previous year: KEUR 39,515) mainly concern a deposit related to precious metals amounting to KEUR 36,291 (previous year: KEUR 36,291) as well as credit balances with the tax authorities.

The maturities of the receivables and other assets are as follows:

	31.12.2021			31.12.2020		
	Total	Residual term of up to 1 year	Residual term of more than 1 year	Total	Residual term of up to 1 year	Residual term of more than 1 year
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Trade receivables	26,423	26,015	408	26,831	26,674	157
Receivables from Affiliated Companies	185,983	184,265	1,718	168,583	166,012	2,571
Other Receivables and Assets	39,578	39,390	188	39,515	39,495	20

Other receivables and assets do not contain any material income that will only become cash-effective after the balance sheet date.

### C. Prepaid Expenses

The prepaid expenses amounting to KEUR 3,896 (previous year: KEUR 5,340) consist of capitalized discounts and expenditures pertaining to 2022 and the following years.

### D. Deferred Tax Assets

Deferred tax assets are reported using the balance sheet liability method for all temporary differences between the tax valuation amounts of assets and liabilities and the book values in the individual financial statement, to the extent that positive tax results can be expected in the future.

The income tax rate underlying the calculation of deferred taxes is 25 percent (previous year: 25 percent).

Since a tax relief due to reversal of the above-mentioned temporary differences in the foreseeable future cannot be reliably predicted at the balance sheet date, the deferred tax assets in the amount of KEUR 44,425 (previous year: KEUR 56,549) are not recognised. The composition of deferred taxes is shown in the following table.

As the Group parent, NOVOMATIC AG has tax losses of KEUR 499,797 (previous year: KEUR 409,160), for which no deferred tax assets were recognized.

The non-capitalized deferred tax assets resulting from differences in the amounts reported in the individual financial statement and their respective tax bases are as follows:

"+ " = deferred tax asset "- " = deferred tax liability	Difference Current financial year	Deferred taxes Current financial year	Deferred taxes Previous year	Change Deferred taxes
	KEUR	KEUR	KEUR	KEUR
Property, plant and equipment	12,938	3,234	2,852	382
Investments in affiliated companies	148,567	37,142	49,357	-12,215
Investments	0	0	0	0
Receivables and Other Assets	141	35	41	-6
Prepaid expenses	2,514	629	912	-283
Provisions	13,542	3,385	3,387	-2
<b>Total for 2021 balance = deferred tax assets</b>	<b>177,702</b>	<b>44,425</b>	<b>56,549</b>	<b>-12,124</b>

## EQUITY AND LIABILITIES

### A. Equity

The share capital of the company amounts to KEUR 26,590 in the 2021 fiscal year (previous year: KEUR 26,590).

The tied-up capital reserves of KEUR 85,386, statutory revenue reserves of KEUR 1,624 and retained earnings of KEUR 15 remained unchanged compared to the previous year.

As part of the merger with NOVOMATIC Gaming Industries GmbH in 2018, NOVOMATIC AG undertook to form a voluntarily tied-up reserve of KEUR 216,400 from the resulting merger gain. This amount is subject to a payout block of 60 months after registration of the merger. This was completed on October 5, 2018.

### B. Investment Grants

A receivable of KEUR 39 was recorded for a COVID-19 investment bonus received in the 2021 fiscal year and reported as a separate item between equity and borrowed capital.

The investment bonus will be released in the amount of KEUR 11 in line with the useful life of the subsidized assets and reported under other operating income.

## C. Provisions

In compliance with the principle of prudence, all identifiable risks and liabilities of an uncertain amount and/or origin at the balance sheet date were accounted for by setting up provisions according to reasonable commercial judgment.

The provisions for severance payments were calculated applying actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 1.03 percent (previous year: 0.86 percent) and assuming a pay increase of 2.5 percent (previous year: 2.5 percent).

The minimum legal retirement age according to Austrian social security law (ASVG) regulations was assumed. Discounts due to fluctuations or other circumstances were not included. Expenses for severance payments and contributions to external severance payments funds contained an income from the change to the provision amounting to KEUR 213 (previous year: expense KEUR 29).

The provisions for taxes on income and other taxes mainly related to provisions from previous periods.

Other provisions mainly include audit and consulting costs, costs for preparing annual reports, provisions for legal disputes, guarantees, discounts in kind, commission provisions, unconsumed vacation for employees and for jubilee payments.

The provisions for jubilee payments were calculated applying actuarial principles according to IAS 19 using the projected unit credit method with a discount rate of 1.03 percent (previous year: 0.86 percent) and assuming a pay increase of 2.5 percent (previous year: 2.5 percent). A fluctuation discount based on an internal statistic concerning withdrawals of the previous three years and considering probable individual continuance in the company until the jubilee payment is due was taken into account.

The provision for unused vacation is calculated under the assumption of a divider of 18 working days per month.

We refer to the enclosed Supplement 2 showing the development of provisions.

## D. Liabilities

### Maturity:

KEUR	Total amount of Liabilities		
	with a maturity of less than 1 year	with a residual term of 1 to 5 years	with a residual term of over 5 years
<b>Bond</b>	<b>0</b>	<b>500,000</b>	<b>0</b>
(previous year)	200,000	500,000	0
<b>Due to banks</b>	<b>313,705</b>	<b>592,988</b>	<b>0</b>
(previous year)	63,705	654,193	9,000
<b>Prepayments on orders received</b>	<b>1,043</b>	<b>0</b>	<b>0</b>
(previous year)	1,271	0	0
<b>Trade payables</b>	<b>15,307</b>	<b>0</b>	<b>0</b>
(previous year)	15,358	0	0
<b>Due to affiliated companies</b>	<b>186,316</b>	<b>0</b>	<b>0</b>
(previous year)	196,894	0	0
<b>Other liabilities</b>	<b>13,950</b>	<b>3</b>	<b>0</b>
(previous year)	10,535	474	0

In 2014 and 2016, bonds with a total value of KEUR 700,000 were issued to support further growth in the areas of development, production and gaming operations. The bond issued in 2014 in the amount of KEUR 200,000 was repaid on time on June 23, 2021.

The liabilities from affiliated companies include trade payables in the amount of KEUR 6,858 (previous year: KEUR 6,897). This item also includes other liabilities of KEUR 179,459 (previous year: KEUR 189,997), which primarily consist of KEUR 90,916 (previous year: KEUR 164,677) from the cash pooling agreements concluded in 2013, IC investments of KEUR 87,810 (previous year: KEUR 24,010) with domestic and foreign subsidiaries.

Other liabilities include expenses in the amount of KEUR 2,404 (previous year KEUR 5,675) that will become only cash-effective after the balance sheet date.

## E. Contingent Liabilities, Other Contingent Liabilities, and Physical Securities

At the balance sheet date, there are contingent liabilities amounting to KEUR 102,960 (previous year: KEUR 110,878), of which KEUR 100,960 (previous year: KEUR 108,878) concerns affiliated companies.

Contingent liabilities comprise comfort letters or guarantees for bank loans for affiliated companies, and are composed as follows:

### a) Contingent liabilities

Bank	Beneficiary company	Security	Ceiling KEUR	As of 12/31/21 KEUR
UniCredit Bank Austria AG Vienna	HTM Hotel- und Tourismus Management GmbH	Comfort letter	3,000	3,000
Raiffeisenlandesbank OOE	ADMIRAL Casinos & Entertainment AG	Comfort letter	581	581
Erste Group Bank AG	ADMIRAL Casinos & Entertainment AG	Guarantee	3,153	3,153
Hypo Bank Burgenland	ADMIRAL Casinos & Entertainment AG	Guarantee	176	176
UniCredit Bank Austria AG Vienna	Novo Gaming M Technologies GmbH	Guarantee	500	500
Hypo Bank Burgenland	Admiral Sportwetten GmbH	Guarantee	6,000	6,000
Raiffeisenbank NOE-Wien	Admiral Sportwetten GmbH	Comfort letter	1,500	0
LBBW, DE	Admiral Entertainment GmbH, DE	Comfort letter	3,000	3,000
UniCredit Bank Austria AG Vienna	Admiral Gaming Andalucia S.A.	Guarantee	500	500
UniCredit Bank Austria AG Vienna	Admiral Slots S.A.	Guarantee	500	500
Raiffeisenbank SHA Albania	Lotaria Kombetare Sh.p.k.	Guarantee	165	165
Erste Bank, Novi Sad	Millenium Bet d.o.o.	Comfort letter	870	870
UniCredit Bank Austria AG Vienna	RSA Gaming d.o.o.	Guarantee	767	767
UniCredit Tiriac SA	Admiral Online Srl, Admiral Leisure Srl, BetMaster Srl	Guarantee	387	387
Erste Group Bank AG	Next Generation Lotteries GmbH (formerly NOVOMATIC Lottery Solutions GmbH)	Guarantee	2,000	2,000
Sparkasse Makedonija	MA Gaming DOOEL	Guarantee	505	505
Recreatieprojecten Zeeland BV	NOVOMATIC Exploitatie NL III B.V.	Comfort letter	342	342
Barclays Bank PLC	NOVOMATIC UK Ltd.	Comfort letter	17,831	17,831
Banco Bilbao Vizcaya Argentaria S.A. (BBVA)	ADMIRALBET SPAIN S.A.	Comfort letter	13,060	13,060
LBBW, DE	Casino Royal GmbH, DE	Comfort letter	1,200	1,200
UniCredit Bank Austria AG, Munich	Casino Royal GmbH, DE	Guarantee	1,300	1,300
UniCredit Bank Austria AG, Munich	Casino Royal GmbH, DE	Guarantee	3,000	3,000
UniCredit Bank Serbia JSC, Belgrade	Admira d.o.o., Millenium Bet d.o.o., ZBET RS, Novo Investment d.o.o., Adria Gaming LLC Beograd-Zvezdara	Guarantee	4,123	4,123
UniCredit S.p.A., Italy	NOVOMATIC Italia SpA	Guarantee	40,000	40,000
<b>TOTAL</b>			<b>104,460</b>	<b>102,960</b>

**b) Other contingent liabilities**

NOVOMATIC AG has issued comfort letters in favor of the following subsidiaries:

Novo VLTech Solutions S.R.L., Romania

Lotaria Kombetare Sh.p.k., Albania

NOVOMATIC Italia S.p.A., Italy

**c) Information regarding the nature of provided physical securities:**

No physical securities were provided for liabilities in the 2021 fiscal year.

**F. Other Financial Obligations**

Obligations from current lease contracts comprise:

KEUR	Due within the following fiscal year	Due within the next five fiscal years
Obligations from current lease contracts	2,618	13,208
(in the previous year)	2,871	14,353
of which to affiliated companies	1,643	8,214
(in the previous year)	1,624	7,249

### III. EXPLANATIONS CONCERNING THE PROFIT AND LOSS ACCOUNT

#### 1. Breakdown of Sales

##### 1.1 by Segments:

KEUR	Year under review	Previous year
Income from trademarks and licenses	58,263	55,228
Income from production	146,740	139,208
Equipment rental	18,557	22,005
Provision of personnel	2,538	3,390
Repairs, service	2,184	1,932
Other income (incl. rental and operating costs)	11,612	10,839
Sales reductions	-31	-763
<b>Total</b>	<b>239,863</b>	<b>231,839</b>

##### 1.2 by Geographical Markets:

KEUR	Year under review	Previous year
Domestic income	40,036	44,358
International income (EU)	112,136	124,741
Third-country income	87,691	62,740
<b>Total</b>	<b>239,863</b>	<b>231,839</b>

#### 2. Personnel Costs

Expenses for severance payments and contributions to external severance payment funds include payments to external severance payment funds amounting to KEUR 825 (previous year: KEUR 878).

### 3. Other Operating Expenses

Other operating expenses mainly comprise:

KEUR	2021	2020
Taxes and charges	424	4,385
Rental expenses	3,437	3,538
Maintenance	7,075	7,018
License fees	4,610	5,358
Valuation allowances for current assets	11,214	15,238
Legal and consulting fees	7,908	10,707
Insurance costs	2,446	2,297
Other services received	4,582	8,973
Support and Development costs	2,798	2,958
Advertising costs	4,661	7,694

Valuation allowances for current assets mainly include provisions for outstanding trade receivables, the recoverability of which is subject to higher risk due to the current economic environment.

### 4. Investments Income

Income from investments of KEUR 68,594 (previous year: KEUR 152,233) primarily includes profit distributions from Austria, the United Kingdom, Latvia, Poland, Bosnia and Herzegovina, Chile, and Hungary.

### 5. Expenses From Financial Assets and Securities Held as Current Assets

These relate primarily to write-downs on investments in affiliated companies. For further details, please refer to point II. Explanations concerning balance sheet items, item 2. Financial Assets.

### 6. Taxes on Income

NOVOMATIC AG has taken the opportunity of forming a tax group pursuant to Section 9 of the Austrian Corporate Income Tax Act (KStG).

Group members are:

- HTM Hotel- und Tourismus Management GmbH, Austria
- ADMIRAL Casinos & Entertainment AG, Austria
- NMN Immo GmbH, Austria
- ADMIRAL Sportwetten GmbH, Austria
- Novo VLTech GmbH, Austria

In the tax apportionment contract with the domestic tax group members, negative as well as positive tax apportionments within the tax group were stipulated. The profits allocated by the tax group member to the parent company are, depending on the usability of the losses, to be compensated at 21.5 % or 25 % (tax rate pursuant to Section 22(1) of the Austrian Corporate Income Tax Act [KStG]) by the tax group member. A symmetrical agreement exists for the allocated losses, whereby losses that cannot be allocated are to be credited as "internal tax loss carried forward" at 21.5 percent of the assessment basis if they are usable.

No tax apportionment contracts were concluded with the foreign group members.

Taxes on income is broken down specifically as follows:

KEUR	2021	2020
Corporate income tax expenses in 2021	14	14
Corporate income tax expenses in previous years	22	56
Foreign withholding tax expense	310	285
Corporate income tax expense, abroad	-337	0
Income from tax apportionment „tax group“ in previous year	0	0
Income from tax apportionment „tax group“	-1.623	-2.355
<b>Total</b>	<b>-1.614</b>	<b>-2.000</b>

#### IV. INFORMATION ON SIGNIFICANT INVESTMENTS

Company, domicile	Share	Carrying amount	Equity	Annual result
		as of 12/31/2021	KEUR	KEUR
		KEUR	KEUR	KEUR
ADMIRAL Casinos & Entertainment AG, Austria	100%	35,100	26,676	-6,347
Admiral Sportwetten GmbH, Austria	100%	19,612	47,681	7,801
Admiralu Klubs SIA, Latvia	60%	22,736	9,561	-7,342
Ainsworth Game Technology Ltd., Australia	52.90%	126,974	193,645	3,816
Airoline GmbH, Austria	100%	4,559	3,211	-1,564
Albanisch Österreichische Lotterien Holding GmbH, Austria	100%	0	1,544	-1,384
Alfor SIA, Latvia	60%	2,836	16,101	-13,000
ATT S.A., Poland	100%	51,480	16,083	2,577
Azarto Technika UAB, Lithuania	80%	8,000	1,000	-1,436
Casino Royal, Germany	100%	67,560	*)	*)
Crown Gaming Mexico S.A. de C.V., Mexiko	100%	10,998	2,558	-2,662
Crown Gaming Services Mexico S. d. R.L. de C.V., Mexiko	80%	13	92	5
Eagle Investment Sh.A., Albania	100%	0	4,517	-114
Estrada Polska sp.z.o.o., Poland	100%	4,467	2,387	-194
Giochi San Marino S.p.A., San Marino	93%	5,162	8,423	-125
Greentube Internet Entertainment, Austria	100%	26,673	86,822	44,030
HTL d.o.o. Sarajevo, Bosnia and Herzegovina	100%	3,630	15,353	1,812
HTL Macedonia DOOEL, Macedonia	100%	27,378	27,998	1,081
HTL Ukraine TOV, Ukraine	100%	1,916	4,360	2,340
HTM Hotel und Tourismus Management GmbH, Austria	100%	1,073	19,719	-12,622
Interinvest Holding SAL , Lebanon	95%	137	n.A.	n.A.
LÖWEN ENTERTAINMENT GmbH, Germany	100%	0	*)	*)
LTB Beteiligungs GmbH, Austria	33.33%	23,938	6,992	6,439
Makoten DOOEL, Macedonia	100%	36,801	28,776	563
NMI Invest GmbH, Austria	100%	1,000	982	6
NMN Immo GmbH, Austria	100%	618	509	-5
Novo Gaming M Technologies GmbH, Austria	100%	2,753	3,036	29

Company, domicile	Share	Carrying amount	Equity	Annual result
		as of 12/31/2021	KEUR	KEUR
		KEUR	KEUR	KEUR
Novo Immobilien GmbH, Germany	100%	7,990	*)	*)
Novo Investment Bulgaria EOOD, Bulgaria	100%	30,420	27,395	464
Novo Investment d.o.o., Belgrad, Serbia	100%	86,590	94,918	1,148
Novo Investment RO SRL, Romania	99.80%	45,494	33,277	713
NOVO RS d.o.o., BiH	100%	8,962	11,858	1,039
Novo VLTech GmbH, Austria	100%	10,100	11,348	-7
Novo VLTech Solutions SRL, Romania	0.01%	0	10,191	6,244
Novochile Ltda., Chile	99%	88	62	-168
Novogames (U) Ltd., Uganda	75%	1,476	0	0
Novogaming Vilnius UAB, Lithuania	80%	5,944	379	-280
NOVOMATIC Africa (PTY) Ltd., South Africa	100%	8,362	21,827	2,089
NOVOMATIC Americas Holdings Inc., Florida, USA	100%	34,074	41,194	-211
NOVOMATIC Argentina S.R.L., Argentina	97.23%	2,513	-848	-448
NOVOMATIC Gaming Colombia S.A.S., Colombia	100%	4,908	6,083	101
NOVOMATIC Gaming Spain S.A., Spain	100%	156,652	161,836	-2,964
NOVOMATIC Hungaria Kft., Hungary	100%	23,518	17,623	1,312
NOVOMATIC Investment Chile S.A., Chile	100%	744	1,746	-125
NOVOMATIC Italia SpA, Italy	100%	386,109	195,398	-37,735
NOVOMATIC Latin-American Holding S.L.U, Spain	100%	2,931	2,790	-187
NOVOMATIC Netherlands B.V. , Netherlands	100%	73,871	71,269	873
NOVOMATIC Peru S.A.C., Peru	100%	6,650	30,503	3
NOVOMATIC Tanzania Ltd.	80%	85	n.A.	n.A.
Novomatic Services FRA SAS, France	100%	1,354	3,320	1,281
NOVOMATIC Spielbanken Holding Deutschland GmbH & Co.KG, Germany	100%	19,757	20,170	-695
NOVOMATIC Sports Betting Solutions GmbH, Austria	100%	1,000	527	-120
NOVOMATIC Technologies Poland S.A., Poland	48.80%	22,688	21,084	4,214
NOVOMATIC UK Ltd., United Kingdom	100%	194,227	226,765	16,091
Octavian de Argentina S.A., Argentina	90%	743	399	67
Octavian SPb OOO, Russia	99.20%	890	1,541	388
Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H., Wien Austria	47.50%	238	735	86
RSV Beteiligungs GmbH, Austria	100%	72,331	6,966	6,442
Technoconsult GmbH, Österreich	100%	551	0	0
Treuhandgesellschaft 16, Austria*)	100%	365	n.A.	n.A.
United Gaming Industries OOO, Russia	100%	1,758	3,302	-305

Section 242(2) Z 2 of the Austrian Commercial Code (UGB) applies to individual subsidiaries [see \*) above].

The LÖWEN Group, the CASINO ROYAL Group and Novo Immobilien GmbH are included in NOVOMATIC AG's Consolidated Financial Statement and avail themselves of the possibility of exemption from a disclosure of their financial statements as of December 31, 2021, as granted under Section 264(3) and Section 264b of the German Commercial Code (HGB). This means that NOVOMATIC AG's separate financial statements do not include financial data on the German companies, as there would otherwise be a loss of strategic advantage and unequal treatment of market participants.

The equity and annual results presented are preliminary values determined in accordance with applicable local law.

Relationships to affiliated companies mainly comprise services rendered or procured for branding and licensing rights, the sale and rental of gaming facilities, expenses for the provision of personnel for administrative departments, cash pooling/financing, development services, and real estate rental. Agreements on the obligation to voluntarily assume losses were concluded with three German subsidiaries.

## V. INFORMATION ON FINANCIAL INSTRUMENTS

Due to the high purchase volumes in USD, parts of the current USD requirements are secured through hedging transactions. Hedging is achieved through several forward transactions due at monthly intervals.

The following derivatives were entered into:

KEUR	31.12.2021	31.12.2021
	Nominal amount	Market value
Erste Group Bank AG USD-forward contract to 01/12/22	622	40
Raiffeisen Bank International AG USD-forward contract 02/16/22	622	40
Bank Austria UniCredit USD-forward contract to 03/15/22	621	40

The market value for derivatives corresponds to the value which the individual company would receive or have to pay if the contract were settled as of the balance sheet date. For this, current market conditions are taken into account, in particular the current interest environment. A corresponding provision was created in the financial statements for the negative market values.

## VI. MANDATORY INFORMATION CONCERNING MANAGEMENT BODIES AND EMPLOYEES

### 1.1 Average Number of Employees during the Financial Year

	2021	2020
Number of employees	811	929
Number of workers	245	268

### 1.2 Members of the Executive Board and the Supervisory Board during the Fiscal Year

Members of the Executive Board:

- Ryszard Presch (Executive Board Member)
- Johannes Gratzl (Executive Board Member)

Supervisory Board:

- Dr. Bernd Oswald (Chairman)
- Martina Flitsch (Deputy Chairwoman)
- Dr. Robert Hofians (member)
- Dr. Haig Asenbauer (Deputy Chairman of the Supervisory Board from June 30, 2021)

### 1.3 Other Disclosures

During the 2021 fiscal year, expenses of KEUR 1,639 were made to members of the Executive Board (previous year: KEUR 996). Gross payments of KEUR 250 were made by affiliated companies (previous year: KEUR 201). Payments of KEUR 438 to former members of the Executive Board were recognized as an expense. No advances or guarantees were granted to members of the Executive Board. Payments made to members of the Supervisory Board during the year under review amounted to KEUR 360 (previous year: KEUR 250).

Expenses for severance payments for the members of the Executive Board amounted to KEUR 498 (previous year: KEUR 24) and for other employees KEUR 1,146 (previous year: KEUR 1,715).

### 1.4 Consolidated Financial Statement

NOVOMATIC AG is required by law to prepare and disclose a subgroup consolidated financial statement according to Section 246(3) of the Austrian Commercial Code (UGB). The financial statement for the subgroup NOVOMATIC AG are included in the consolidated financial statement of Novo Invest GmbH with its registered office in Wiener Neudorf – as head of the Group – and are filed at the Regional Court of Wiener Neustadt under FN 381832v.

### 1.5 Audit Fees

Fees for the audit of the financial statement and expenses for other services of the auditor are presented in the subgroup consolidated financial statement of NOVOMATIC AG.

## 1.6 Appropriation of Earnings

The balance sheet profit of KEUR 404,571, comprising the profit of the 2021 fiscal year amounting to KEUR 40,826 and profit carried forward of KEUR 363,746 should be carried forward to new account.

## 1.7 Subsequent Events after the Balance Sheet Date

In February 2022, NOVOMATIC AG made a repurchase offer (repurchase for cash) to the holders of its bond 2016-2023 (KEUR 500,000, ISIN AT0000A1LHT0). The Company accepted all valid offers of the bond for purchase. The result of the repurchase offer led to the tender of bonds with a total nominal amount of KEUR 262,375. After settlement, bonds with a nominal amount of KEUR 237,625 remain outstanding.

In regard to the intensified conflict between Russia and Ukraine in February 2022, the further course of business in the newly developed market of Ukraine cannot yet be estimated. In particular, the sanctions/embargoes against Russia and Belarus imposed in connection with the Ukraine crisis and any extensions or countermeasures could also have a negative impact on the subsidiaries based in the countries concerned or their business partners or cooperation with them.

In March 2022, NOVOMATIC AG decided to issue letters of comfort in the amount of KEUR 9,500 to three Serbian Sub-subsidiaries.

## VII. SPECIAL INFORMATION FOR STOCK CORPORATIONS

The share capital of EUR 26,590,000.00 is fully paid up and is divided into 26,590,000 registered no-par value shares. The nominal value per share amounts to EUR 1.00.

Gumpoldskirchen, March 23, 2022

NOVOMATIC AG

Ryszard Presch  
Executive Board

Johannes Gratzl  
Executive Board

## NOVOMATIC AG

## SCHEDULE OF FIXED ASSETS

as of December 31, 2021

EUR	Development at cost of acquisition and production				
	Balance as of 12/31/20	Additions	Transfers	Disposals	Balance as of 12/31/21
<b>A. FIXED ASSETS</b>					
<b>I. Intangible assets</b>					
1. Concessions and industrial property rights					
Property rights	16,632,975.16	185,218.55	8,511.00	-4,473.93	16,822,230.78
Technical software	130,040,100.36	0.00	0.00	0.00	130,040,100.36
Software	17,070,538.75	927,941.34	618,178.96	-5,522.09	18,611,136.96
2. Goodwill	0.00	0.00	0.00	0.00	0.00
3. Advance payments	5,851,153.46	1,711,417.04	-618,178.96	0.00	6,944,391.54
<b>Total</b>	<b>169,594,767.73</b>	<b>2,824,576.93</b>	<b>8,511.00</b>	<b>-9,996.02</b>	<b>172,417,859.64</b>
<b>II. Property, plant and equipment</b>					
1. Land, buildings and improvements to third-party buildings					
Land, buildings and improvements to third-party buildings	9,084,159.41	0.00	0.00	0.00	9,084,159.41
Buildings - real estate value	28,551,637.47	0.00	0.00	-7,526,972.43	21,024,665.04
Buildings - value of building	135,861,083.49	18,037.65	5,842.00	-12,570,995.43	123,313,967.71
Structural investments in leased property	2,620,937.92	0.00	0.00	0.00	2,620,937.92
Buildings on non-owned land	24,400,850.47	0.00	0.00	-1,663,223.80	22,737,626.67
<b>Total</b>	<b>200,518,668.76</b>	<b>18,037.65</b>	<b>5,842.00</b>	<b>-21,761,191.66</b>	<b>178,781,356.75</b>
2. Plant and machinery					
Plant and machinery	16,201,501.00	343,594.49	381,808.69	-515,116.98	16,411,787.20
Gaming machines	33,170,149.01	1,469,896.17	0.00	-3,134,762.25	31,505,282.93
Tools and tool costs	23,867,973.91	1,378,444.69	346,253.60	-130,824.15	25,461,848.05
<b>Total</b>	<b>73,239,623.92</b>	<b>3,191,935.35</b>	<b>728,062.29</b>	<b>-3,780,703.38</b>	<b>73,378,918.18</b>
3. Factory and office equipment					
Factory and office equipment	42,957,627.29	1,071,649.59	14,670.86	-14,514,125.38	29,529,822.36
Aircraft	0.00	0.00	0.00	0.00	0.00
Ships	0.00	0.00	0.00	0.00	0.00
Car pool	13,522,057.05	913,799.87	0.00	-1,295,365.37	13,140,491.55
Low-value assets	0.00	319,585.06	0.00	-319,585.06	0.00
<b>Total</b>	<b>56,479,684.34</b>	<b>2,305,034.52</b>	<b>14,670.86</b>	<b>-16,129,075.81</b>	<b>42,670,313.91</b>
4. Prepayments and tangible assets in course of construction					
Prepayments	53,743.20	421,410.40	-346,253.60	0.00	128,900.00
Tangible assets in course of construction	6,304,842.70	396,161.69	-410,832.55	0.00	6,290,171.84
<b>Total</b>	<b>6,358,585.90</b>	<b>817,572.09</b>	<b>-757,086.15</b>	<b>0.00</b>	<b>6,419,071.84</b>
<b>Total</b>	<b>336,596,562.92</b>	<b>6,332,579.61</b>	<b>-8,511.00</b>	<b>-41,670,970.85</b>	<b>301,249,660.68</b>
<b>III. Financial assets</b>					
1. Investments in affiliated companies	1,958,398,661.67	154,212,103.25	0.00	-886,201.19	2,111,724,563.73
2. Loans to affiliated companies	241,800,527.22	50,957,279.64	491,153.86	-114,507,511.06	178,741,449.66
3. Investments	24,412,944.55	0.00	0.00	0.00	24,412,944.55
4. Loans to associated companies	664,704.92	59,124.17	0.00	-73,666.74	650,162.35
5. Securities	18,179,857.45	0.00	0.00	0.00	18,179,857.45
6. Other loans	21,885,836.49	491,020.06	-491,153.86	-765,046.44	21,120,656.25
<b>Total</b>	<b>2,265,342,532.30</b>	<b>205,719,527.12</b>	<b>0.00</b>	<b>-116,232,425.43</b>	<b>2,354,829,633.99</b>
<b>TOTAL FIXED ASSETS</b>	<b>2,771,533,862.95</b>	<b>214,876,683.66</b>	<b>0.00</b>	<b>-157,913,392.30</b>	<b>2,828,497,154.31</b>

Development of Amortization/Depreciation					Book values	
Balance as of 12/31/20	Additions	Disposals	Write-ups	Balance as of 12/31/21	Balance as of 12/31/20	Balance as of 12/31/21
-15,393,984.91	-158,377.81	0.00	0.00	-15,552,362.72	1,238,990.25	1,269,868.06
-127,790,100.36	-1,125,000.00	0.00	0.00	-128,915,100.36	2,250,000.00	1,125,000.00
-13,927,763.35	-1,288,905.78	1,817.09	0.00	-15,214,852.04	3,142,775.40	3,396,284.92
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	5,851,153.46	6,944,391.54
<b>-157,111,848.62</b>	<b>-2,572,283.59</b>	<b>1,817.09</b>	<b>0.00</b>	<b>-159,682,315.12</b>	<b>12,482,919.11</b>	<b>12,735,544.52</b>
-0.30	0.00	0.00	0.00	-0.30	9,084,159.11	9,084,159.11
-5,703,130.72	-222.16	25,133.33	0.00	-5,678,219.55	22,848,506.75	15,346,445.49
-61,704,849.03	-4,242,783.56	3,132,378.32	0.00	-62,815,254.27	74,156,234.46	60,498,713.44
-2,328,822.83	-46,823.98	0.00	0.00	-2,375,646.81	292,115.09	245,291.11
-22,053,825.72	-232,193.43	1,486,664.38	0.00	-20,799,354.77	2,347,024.75	1,938,271.90
<b>-91,790,628.60</b>	<b>-4,522,023.13</b>	<b>4,644,176.03</b>	<b>0.00</b>	<b>-91,668,475.70</b>	<b>108,728,040.16</b>	<b>87,112,881.05</b>
-14,670,570.09	-1,020,914.58	515,116.98	0.00	-15,176,367.69	1,530,930.91	1,235,419.51
-27,486,146.71	-3,112,164.79	2,883,085.83	0.00	-27,715,225.67	5,684,002.30	3,790,057.26
-22,278,759.53	-1,467,682.30	130,720.37	0.00	-23,615,721.46	1,589,214.38	1,846,126.59
<b>-64,435,476.33</b>	<b>-5,600,761.67</b>	<b>3,528,923.18</b>	<b>0.00</b>	<b>-66,507,314.82</b>	<b>8,804,147.59</b>	<b>6,871,603.36</b>
-39,016,774.79	-2,167,884.47	14,414,956.48	0.00	-26,769,702.78	3,940,852.50	2,760,119.58
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00
-8,474,602.47	-1,466,323.26	1,025,499.04	0.00	-8,915,426.69	5,047,454.58	4,225,064.86
0.00	-319,585.06	319,585.06	0.00	0.00	0.00	0.00
<b>-47,491,377.26</b>	<b>-3,953,792.79</b>	<b>15,760,040.58</b>	<b>0.00</b>	<b>-35,685,129.47</b>	<b>8,988,307.08</b>	<b>6,985,184.44</b>
0.00	0.00	0.00	0.00	0.00	53,743.20	128,900.00
-6,290,171.84	0.00	0.00	0.00	-6,290,171.84	14,670.86	0.00
<b>-6,290,171.84</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-6,290,171.84</b>	<b>68,414.06</b>	<b>128,900.00</b>
<b>-210,007,654.03</b>	<b>-14,076,577.59</b>	<b>23,933,139.79</b>	<b>0.00</b>	<b>-200,151,091.83</b>	<b>126,588,908.89</b>	<b>101,098,568.85</b>
-455,036,329.28	-34,468,028.66	0.78	52,400,318.36	-437,104,038.80	1,503,362,332.39	1,674,620,524.93
-1,750,000.00	0.00	0.00	1,750,000.00	0.00	240,050,527.22	178,741,449.66
-237,500.00	0.00	0.00	0.00	-237,500.00	24,175,444.55	24,175,444.55
-325,000.00	0.00	0.00	0.00	-325,000.00	339,704.92	325,162.35
-566,727.67	0.00	0.00	278,075.19	-288,652.48	17,613,129.78	17,891,204.97
-13,618,610.14	-120,406.46	60,233.33	0.00	-13,678,783.27	8,267,226.35	7,441,872.98
<b>-471,534,167.09</b>	<b>-34,588,435.12</b>	<b>60,234.11</b>	<b>54,428,393.55</b>	<b>-451,633,974.55</b>	<b>1,793,808,365.21</b>	<b>1,903,195,659.44</b>
<b>-838,653,669.74</b>	<b>-51,237,296.30</b>	<b>23,995,190.99</b>	<b>54,428,393.55</b>	<b>-811,467,381.50</b>	<b>1,932,880,193.21</b>	<b>2,017,029,772.81</b>

# NOVOMATIC AG

# PROVISIONS

as of December 31, 2021

	Balance as of 01/01/21	Consumption
	EUR	EUR
<b>A. PROVISIONS</b>		
<b>1. Provisions for severance payments</b>		
Provisions for severance payments	10,933,197.00	938,729.09
	10,933,197.00	938,729.09
<b>2. Provisions for taxes</b>		
Provision for corporate income tax	579,319.00	19,049.00
Provision for corporate income tax DE	338,000.00	0.00
Other provisions for taxes	3,607,513.00	4,388.88
	4,524,832.00	23,437.88
<b>3. Other provisions</b>		
Provisions for consulting fees	1,182,909.17	922,024.72
Provisions for unconsumed vacation	6,575,680.81	511,193.00
Provisions for time credits	374,346.45	0.00
Provisions for special payments	22,463.32	0.00
Other current provisions for personnel	7,692,376.08	7,342,767.87
Damages	3,039,000.00	1,878,997.18
Provisions for jubilee payments	4,163,277.83	115,586.38
Provisions for guarantees	1,410,900.00	0.00
Customers bonuses, discount	79,230.09	20,686.14
Other provisions	1,448,425.90	1,383,643.30
	25,988,609.65	12,174,898.59
<b>TOTAL PROVISIONS</b>	<b>41,446,638.65</b>	<b>13,137,065.56</b>

Release	Allocation	Balance as of
EUR	EUR	12/31/21
EUR	EUR	EUR
118,410.91	844,634.00	10,720,691.00
118,410.91	844,634.00	10,720,691.00
14,841.00	30,206.00	575,635.00
338,000.00	0.00	0.00
1,344,608.12	0.00	2,258,516.00
1,697,449.12	30,206.00	2,834,151.00
152,290.12	1,079,847.57	1,188,441.90
0.00	0.00	6,064,487.81
3,564.42	111,418.66	482,200.69
0.00	22,235.23	44,698.55
281,190.35	1,105,750.00	1,174,167.86
607,002.82	1,798,000.00	2,351,000.00
495,592.67	352,623.05	3,904,721.83
0.00	71,400.00	1,482,300.00
0.00	1,049.51	59,593.46
10,710.00	246,948.66	301,021.26
1,550,350.38	4,789,272.68	17,052,633.36
<b>3,366,210.41</b>	<b>5,664,112.68</b>	<b>30,607,475.36</b>

# NOVOMATIC AG

# AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of NOVOMATIC AG, Gumpoldskirchen (the Company), which comprise the balance sheet as at December 31, 2021, the income statement for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at December 31, 2021 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

### Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 1. Investments in affiliated companies – valuation

### Description and Issue

NOVOMATIC AG evaluates impairment of the investments in affiliated companies on an annual basis. For this purpose, the enterprise value for all material investments is calculated using discounted cash flows based on the latest forecasts. Subsequently, the equity value is derived from the enterprise value and compared with the carrying amount of the respective investment. For the valuation of investments in affiliated companies, which are held for sale, the estimated purchase price is used as a valuation benchmark. Due to changes in the legal or economic environment starting from 2020, also due to the COVID-19 pandemic, the forecasts for several markets were revised. This resulted in impairments of investments in affiliated companies in the amount of KEUR 33.668 and in reversals of impairments amounting to KEUR 52.400. For further details please refer to chapter "II. A. 2. Financial Assets" included in the notes.

The underlying forecasts are, amongst other factors, based on estimates of the future cashflows including the effects of changes in the economic environment and are therefore subject to significant uncertainties. Due to that fact and the significance of the investments in affiliated companies in the financial statements we identified this position as a key audit matter for our audit.

### **Our Response**

We evaluated the forecasts included in the valuation model and the estimates made by the legal representatives. The audit procedures primarily included the analytical review of the estimated development of significant elements of the forecasts, such as the forecasted revenue and earnings development or the working capital development, the inquiry of those responsible for investment controlling on the plausibility of the estimates and assumptions made, the assessment of the forecast accuracy by comparing the results with estimates in previous years and reconciling the forecasts with the group planning presented to the Supervisory Board.

We have also tested the calculation model used. We checked the plausibility of the discount rates applied using ranges derived from market data.

### **Other Information**

Management is responsible for the other information. The other information comprises all information in the consolidated non-financial report, which includes information regarding the parent company and which we obtained prior to the date of this auditor's report, as well as the annual report, but does not include the financial statements and the consolidated financial statements of the Company, the management report and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. With respect to the management report we refer to the section "Report on the Audit of the Management Report".

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Audit Committee for the Financial Statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Audit of the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

## Opinion

In our opinion, the management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the financial statements.

## Statement

In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

## Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on March 25, 2021 and commissioned by the supervisory board on August 24, 2021 to audit the financial statements for the financial year ending December 31, 2021. We have been auditing the Company uninterrupted since the financial year ending December 31, 2004.

We confirm that our opinion expressed in the section "Report on the Audit of the Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014 and that we remained independent of the Company in conducting the audit.

Vienna, March 24, 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

**Mag. Walter Müller**

Certified Public Accountant (Austria)

This report is a translation of the long-form audit report according to section 273 of the Austrian Commercial Code (UGB). The translation is presented for the convenience of the reader only. The German wording of the long-form audit report is solely valid and is the only legally binding version. Section 281(2) UGB applies.



NOVOMATIC-  
Non-Financial Report 2021

42

**NON-FINANCIAL  
REPORT**

42	Non-Financial Management
59	Responsible Entertainment
70	Always Compliant
86	Enjoy Working with Us
99	Going Green
109	Active in the Community
112	Statement by the Executive Board on Non-Financial Report
113	Integrated GRI-, SDG-, UNGC- and NaDiVeG-Index
122	Independent Audit Report

# NON-FINANCIAL MANAGEMENT

Transparency is an essential principle for NOVOMATIC, which is why the focus is therefore on regular dialog with stakeholders regarding the progress of key non-financial issues and new impetus for ongoing improvement.

NOVOMATIC has continuously developed how it manages non-financial aspects. Key points were developing comprehensive corporate responsibility principles (CR strategy and CR principles), introducing a Group-wide system of key performance indicators, expanding the organizational structure with the responsible roles and officers within the company, and expanding the dialog with stakeholders (stakeholder groups). All these measures form a foundation for structured development, control, and performance measurement.

Making positive change and measurable progress in the relevant social, societal and environmental fields of action is crucial when it comes to being perceived as a responsible company today.

NOVOMATIC focuses on further developing responsibilities, processes and structures in the areas of "Employees", "Envi-

ronmental Social Governance", and "Environment". This allows the company to actively control non-financial developments and provide relevant information at the Group level. The goal of these measures is to achieve a long-term, sustainable corporate strategy.

The added value of CR & ESG can therefore be measured in terms of business success. Key success factors here include ensuring legal certainty, obtaining and securing licenses, attractiveness as an investment, access to financing, cutting costs through resource efficiency, reducing accidents and sick days, being able to attract the best talent on the market, and building lasting relationships with customers, business partners, and stakeholders.

## Environmental Social Governance as a Driver of Value at NOVOMATIC



### Strategic CR Fields of Action

The five fields of action (Responsible Entertainment, Enjoy Working With Us, Always Compliant, Going Green, and Active in the Community) form the strategic pillars of the company’s corporate responsibility and environmental, social and governance activities. At the center of these areas is the company’s motto: winning responsibly. The related vision is to be the most innovative and most responsible provider of “responsible entertainment” in the world. The specific issues and measures within these strategic areas have been developed using the materiality analysis and the issues defined from this. Non-financial key performance indicators have been used for the structured performance management and communication of ESG development since 2017.

The company values “do – enjoy – respect” are taken into account for all activities. This is the bedrock for stakeholder trust in and support of the company.

Together with representatives of the subsidiaries, the CR & ESG team defined Group-wide principles of action for NOVOMATIC’s strategic fields of action. These include the aim to promote positive outcomes and avoid negative impacts. They act as a guideline for individual measures and are listed at the beginning of the chapters in this report. In addition, indicators which are relevant when it comes to the performance development of the strategic field of action for the respective business unit were identified.

### NOVOMATIC’s CR& ESG Strategic House



## The NOVOMATIC AG Group's Business Model

### STAKEHOLDERS

**External stakeholders:**

customers, business partners, political bodies and authorities, industry experts and representatives, trade associations, investors and financial institutions, media, sponsoring and donation partners, training institutions, player protection and therapy institutions, NGOs (not focused on player protection), experts in the area of social responsibility.

**Internal stakeholders:**

owners, management, employees

### BUSINESS ASSETS USED EVERY DAY

#### INPUTS WE NEED

**Financial capital**

- Equity and debt, trust from investors

**Production capital**

- Infrastructure, systems, machines, semi-finished and finished parts, commodities (metal, wood, plastic, paint etc.)

**Human capital**

- Employee competence and performance, attractiveness as an employer

**Intellectual capital**

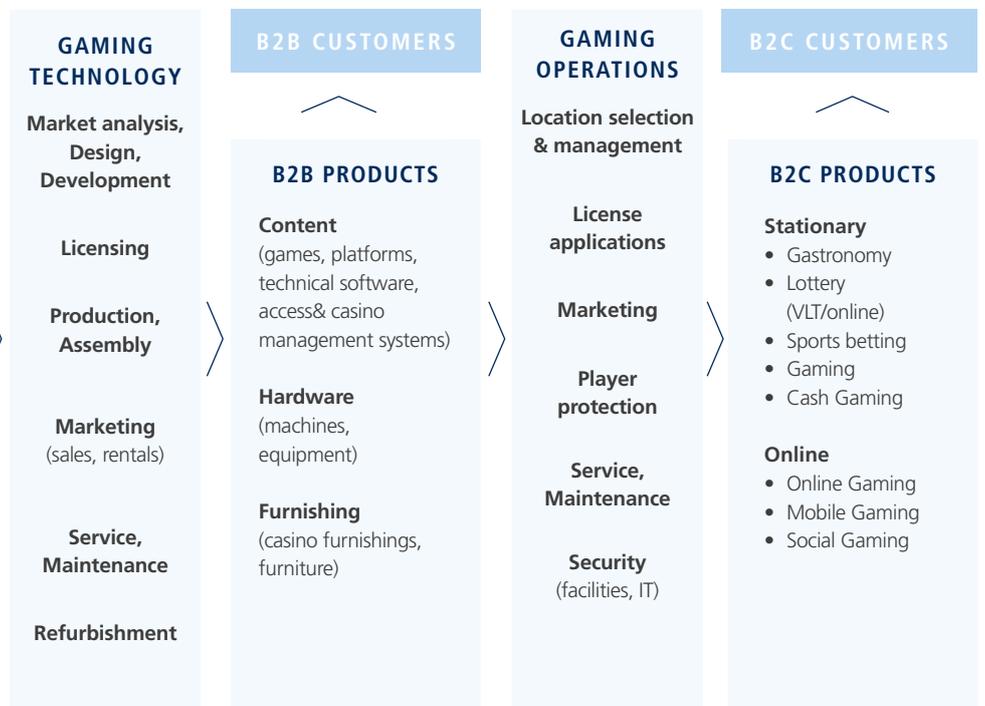
- Intellectual property rights (patents), software, innovative employees, organizational structures

**Natural capital**

- Energy, water, commodities

**Social capital**

- Customer trust, licenses provided by authorities, partnerships with business partners and suppliers, stakeholder support for business activities, image, brand value



#### IMPACTS WE SEEK TO AVOID

- Problematic player behavior
- Misuse of products
- Accidents at work
- Negative health effects
- Discrimination and unequal treatment
- Corruption and breach of legal provisions
- Resource consumption e.g.: water, energy, raw materials
- Waste e.g.: hazardous and non-hazardous waste
- Emissions e.g.: direct and indirect emissions caused by energy consumption and transport

## POSITIVE OUTPUTS WE CREATE

### Financial

- Economic success for investors and owner
- Local and international tax payments
- Company value
- Income for suppliers and business partners
- Employee wages

### Non-financial

- Entertainment value (products)
- Jobs created
- Trained employees
- Strengthening innovation in the region
- Support for charitable initiatives (sponsoring activities, donations, volunteer work)
- Safety (for customers and employees)
- Fight against illegal gaming
- Fair competition

## ADDITIONAL INPUTS

- Software and hardware
- Logistics services
- Infrastructure and locations
- Security services
- Catering products

## Dialog with Stakeholders

Transparent and open dialog with all company stakeholders is a central element of NOVOMATIC's CR activities. The term "stakeholders" encompasses any natural and legal persons affected in some way by the company's activities or who themselves exert an influence on NOVOMATIC. The aim is to be aware of their requirements, expectations and development prospects with regard to CR activities. It is for this reason that the company is in constant exchange with the various stakeholder groups and can thus find a good balance between their requirements and the company's goals. This also enables key issues to be better assessed from a stakeholder perspective and areas with potential for improvement. Based on this, priorities are set in CR & ESG management.

NOVOMATIC is aware that not all stakeholders share its perspective, and that there are some critical voices. Transparency is therefore an important corporate value that helps to maintain an open and constructive dialog. A comprehensive evaluation process identified key stakeholders and then captured and assessed their perspectives, expectations and priorities on ESG issues. To this end, an online stakeholder survey with around 120 participants, structured interviews with experts in the field of player protection and gambling addiction prevention, and bilateral discussions with selected stakeholders were conducted. The results of this process were then used to identify and evaluate the most significant non-financial fields of action. The materiality matrix shows how stakeholders rate individual fields of action.

Due to the increasing importance of environmental, social, and governance evaluations, NOVOMATIC has carried out numerous conversations with its major investors and banks. It has since continued this proactive dialog with relevant stakeholders. Of course, every NOVOMATIC subsidiary is involved in direct dialog with its stakeholders.

NOVOMATIC communicates with its stakeholders across a variety of channels, for example direct conversation, working groups, workshops, at events, through reports, via the website, and social media. In this report, stakeholders can view relevant information on CR objectives, principles, measures, and results.

 GRI 102-21, -40, -42, -43

The following summary is a list of different types of information, dialog, and direct cooperation with the company's stakeholders:

Information	Dialogs	Participation
<p><b>Create transparency, provide information</b></p> <ul style="list-style-type: none"> <li>• Website: <a href="http://www.novomatic.com/cr">www.novomatic.com/cr</a></li> <li>• Annual Group reporting: In accordance with GRI standards, the EU Directive on Non-Financial Information as audited by the NaDiVeG, progress report in accordance with the UN Global Compact and the Sustainable Development Goals (SDGs)</li> <li>• Additional local non-financial information and communication via subsidiaries</li> <li>• Regular reporting to regulatory bodies and the Supervisory Board</li> <li>• Intranet news for employees</li> </ul>	<p><b>Open discussions, listening and learning</b></p> <ul style="list-style-type: none"> <li>• Personal talks with relevant stakeholders and specialists</li> <li>• Participation in international expert conferences</li> <li>• Dialog on ESG issues with investors and banks</li> <li>• NOVOMATIC Stakeholder Forum (planned for 2022)</li> <li>• Dialog on ESG issues with employees as part of NOVOWelcome Days and the NOVOCCompany Day (planned for 2022)</li> <li>• Online workshops with ESG experts from the subsidiaries</li> </ul>	<p><b>Active involvement, realization of projects</b></p> <ul style="list-style-type: none"> <li>• Partnerships in the areas of addiction prevention, science and research, social affairs, and long-term financial support for addiction therapy centers</li> <li>• Proactive dialog and continued development with the industry in committees on CR, ESG, and in particular player protection issues as part of the industry associations EUROMAT (Europe) and AGA (USA).</li> <li>• Active exchange and cooperation with local topic-specific platforms and interest groups,</li> <li>• CR Board meetings for ongoing coordination within the NOVOMATIC AG Group</li> </ul>

NOVOMATIC views membership in interest and industry groups, as well as in organizations with Corporate Responsibility (CR) or Environmental Social Governance (ESG) agendas as an important part of dialog with relevant stakeholders. The following memberships not only allow NOVOMATIC to contribute its collective experience on a variety of issues, such as protection of players and minors, both within and outside of the industry, but also to share this with other companies.

<b>NOVOMATIC Companies</b>	<b>Interest groups</b> Relevant local chambers of commerce, industry and business associations, CR, ESG and Responsible Entertainment associations (excerpt)
<b>Group-wide</b>	American Gaming Association (AGA), Responsible Gambling Collaborative, European Gaming and Amusement Federation (EUROMAT), Gaming Standard Association (GSA), United Nations Global Compact (UNGC)
<b>Austria</b>	Federation of Austrian Industries, Austrian Federal Economic Chamber, respACT – austrian business council for sustainable development, Austrian Bookmakers Association (OBMV), Public Relationsverband Austria (PRVA)
<b>Germany</b>	Automaten-Verband Baden-Württemberg e.V., Automaten-Verband Rheinland-Pfalz e.V., Automaten-Verband Schleswig-Holstein e.V., Bayerischer Automaten Verband e.V., German Association for Small and Medium-sized Businesses (BVMW), German Association for Private Casinos (BUPRIS), Deutscher Automatengroßhandelsverband e.V. (DAGV), German Sports Betting Association (DSWV), German Online Casino Association (DOCV), Die deutsche Automatenwirtschaft e.V. (DAW), FORUM der Automatenunternehmer e.V., Hamburger Automaten Verband e.V., Deutscher Automatenverband e.V., Hessischer Münzautomaten-Verband e.V., the Chamber of Commerce and Industry of Berlin (IHK), Verband der Automatenkaufleute Berlin und Ostdeutschland e.V., Verband der deutschen Automatenwirtschaft e.V. (VDAI), Zukunftsinitiative Rheinland-Pfalz e.V. (ZIRP)
<b>Italy</b>	Associazione Concessionari di Giochi Pubblici (ACADI), Assotrattemimento 2007 (ASTRO), CSR Network Italy, Associazione Italiana Ambiente e Sicurezza (AIAS), Associazione Italiana Esperti Ambientali (ASS.IEA), Associazione Italiana Coporate Travel Mobility Manager (AITMM), Exercisers Public Games (EGP), Services Appliances for Public Recreational Attractions (SAPAR), Assotrattemimento (ASTRO)
<b>United Kingdom</b>	British Amusement Catering Trade Association (BACTA), British Bingo Association, Gambling Business Group (GBG), British Gaming Council
<b>Spain</b>	Asociación de Empresarios de Salas de Juego de Castilla y León (SAJUCAL), Asociación Española de Empresarios de Salones de Juego y Recreativos (ANESAR), Asociación Nacional de Casinos (AECJ), Club de Convergentes, Plataforma del Juego Sostenible
<b>The Netherlands</b>	Gaming in Holland, CMK commission VAN, Sectie Amusementscentra (SAC), Sectie exploitanten horeca (SEH)
<b>Romania</b>	ROMSLOT – Asociatia Organizatorilor de Sloturi
<b>Serbia</b>	The Chamber of Commerce and Industry of Serbia (CCIS)
<b>North Macedonia</b>	Association of organizers of games of chance (APIS), Macedonian Business Confederation (BCM), Macedonian Economic Chamber (SKM)
<b>Bosnia and Herzegovina</b>	Union of organizers of games of chance of Republika Srpska
<b>Poland</b>	Polish Committee for Standardization (Polski Komitet Normalizacyjny – PKN)
<b>Australia</b>	Australian Securities Exchange (ASX)
<b>USA</b>	American Gaming Association (AGA), Canadian Gaming Association (CGA), Illinois Gaming Machine Operators Association (IGMOA), Las Vegas Chamber of Commerce, National Indian Gaming Association (NIGA), Oklahoma Indian Gaming Association (OIGA), Pennsylvania Video Gaming Association (PaVGA), The Association of Gaming Equipment Manufacturers (AGEM)
<b>Latvia</b>	Latvian Association of Gaming Business (LSBA), Latvian Interactive Gambling Association (LIAB), Latvian Chamber of Commerce and Industry (LTRK)
<b>Estonia</b>	Estonian Chamber of Commerce and Industry, Estonian Gaming Operator Association (EHKL)
<b>South Africa</b>	Member of South African Gaming Manufacturers Association (SAGMA)
<b>Online</b>	Betting and Gaming Council (BGC), Deutscher Onlinecasino Verband, International Social Games Association (ISGA), FHRD, iGaming Idol, iGEN iGaming European Network, Malta Employers Association (MEA), Information Commissioner’s Office (ICO)

## Key Issues

Within the five strategic pillars, there are numerous fields of action in which NOVOMATIC assumes responsibility. These fields of action are presented and prioritized in the materiality matrix.

NOVOMATIC conducted an extensive process to identify and evaluate material Environmental Social Governance issues. In doing so, the company follows the international materiality assessment from the Global Reporting Initiative (GRI) and orients itself on good practice in its industry. This included the following steps, among others:

### IDENTIFICATION OF RELEVANT ISSUES

#### Compilation of all potentially relevant issues and fields of action using:

- Previously identified issues
- Industry and peer group analysis
- Workshop carried out with all Group department heads
- Workshop carried out with CR representatives from subsidiaries

### EVALUATION OF ISSUES

#### Relevance for Stakeholders

- Online stakeholder survey
- Stakeholder forum
- Structured interviews

#### Company Impact

- Structured interviews with experts
- Industry impact analysis
- Feedback from consultants

#### Relevance to company business

- Evaluation by Group department heads and the management

### MATERIALITY MATRIX

Includes all material issues that are priority

Further development in the fields of action using measures at both the Group level and within the subsidiaries.

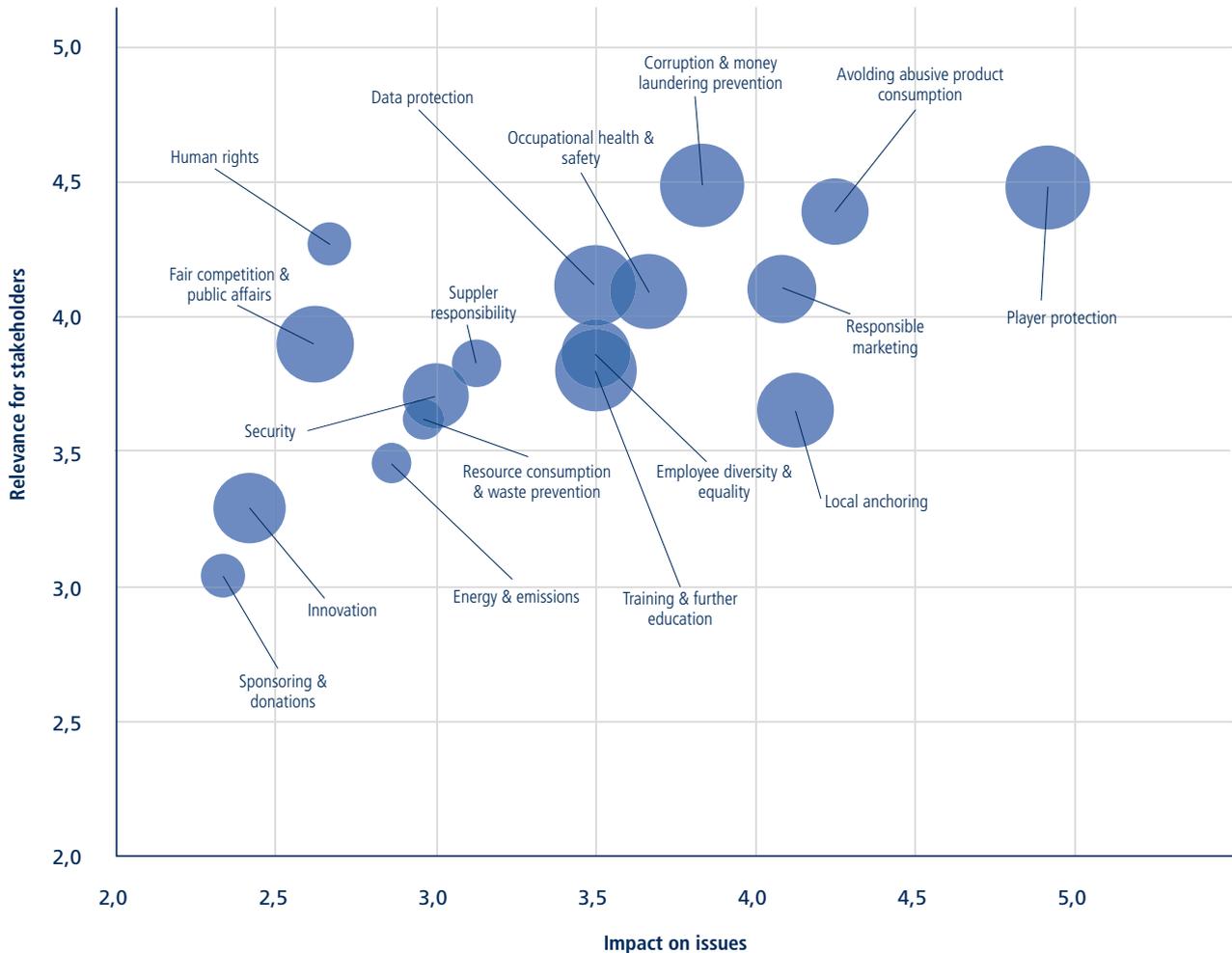
The following image of the materiality matrix shows those issues that are relevant from the point of view of external stakeholders, on which NOVOMATIC's business activities have an impact, and that are important for success. All of the issues presented form part of the CR & ESG management.

The Y axis shows the relevance of the ESG issues by NOVOMATIC's external stakeholders (e.g. authorities, customers, partners, interest groups, opinion leaders, experts etc.) The X axis shows the degree of positive or negative impact that business activities have on each issue. The size of the circle shows the relevance of the issue for NOVOMATIC's business activities. The evaluation goes from 0 (not relevant/no impact) to 5 (very relevant/very large impact).

The higher the relevance for the company's stakeholders and the impact of business activities, the higher it prioritizes the structured further development and improvement of its ESG performance in these areas. The image should therefore be read from the top right to the bottom left.

The matrix below includes an evaluation of the impact of those business activities defined by the GRI standards and the EU Guidelines on Non-Financial Reporting. The size of the circle represents the relevance to the business, which is a new dimension within the matrix. This report deals with all ESG issues identified as material, based on their priority within the materiality matrix and the availability of the information. Due to the issues having relevance across many different areas, local responsibility can be found in numerous places. There are plans to reevaluate the materiality matrix in 2022.

### Materiality Matrix 2021



GRI 102-44, -46, -47, 103-1, -3

## CR & ESG Program

Due to the ongoing expansion of the subsidiaries included in CR & ESG management, both qualitative and – where meaningful and possible – quantitative targets were determined.

Strategic fields of action	Key issues	Action principles
<b>Responsible Entertainment</b> 	<ul style="list-style-type: none"> <li>• Player protection</li> <li>• Responsible Marketing</li> </ul>	<ul style="list-style-type: none"> <li>• “We offer responsible entertainment, and ensure that our products and services are used conscientiously.”</li> <li>• “We ensure that our employees are well trained in player protection and pay close attention to identifying problematic behavior and act accordingly.”</li> <li>• “We prevent minors and other vulnerable groups from using our products.”</li> </ul>
<b>Always Compliant</b> 	<ul style="list-style-type: none"> <li>• Corruption &amp; Money Laundering Prevention</li> <li>• Data Protection</li> <li>• Safety</li> <li>• Avoiding Abusive Product Consumption</li> <li>• Supplier Responsibility</li> <li>• Human rights</li> <li>• Fair Competition &amp; Public Affairs</li> </ul>	<ul style="list-style-type: none"> <li>• “NOVOMATIC implements systems that support compliance with legal requirements and acts in accordance with the standards set out in the Code of Conduct.”</li> <li>• “Everyone at NOVOMATIC is required to make every effort to identify and prevent any and all fraudulent and criminal behavior within the company.”</li> <li>• “NOVOMATIC ensures that Group customers’ and stakeholders’ data protection rights are always taken care of.”</li> </ul>
<b>Enjoy Working with Us</b> 	<ul style="list-style-type: none"> <li>• Training and Further Education</li> <li>• Occupational safety &amp; employee health</li> <li>• Employee diversity &amp; equality</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• “NOVOMATIC supports employee development and offers training and continued education opportunities.”</li> <li>• “NOVOMATIC considers its employees an important source of innovation to be encouraged.”</li> <li>• “NOVOMATIC values the diversity of its staff and stakeholders and treats all of them equally.”</li> <li>• “NOVOMATIC creates safe and healthy working conditions in order to avoid accidents and illness.”</li> </ul>
<b>Going Green</b> 	<ul style="list-style-type: none"> <li>• Energy consumption &amp; emissions</li> <li>• Resource use &amp; waste reduction</li> </ul>	<ul style="list-style-type: none"> <li>• “The company minimizes its environmental footprint through efficient handling of energy and resources, as well as by reducing the waste and emissions that it produces.”</li> <li>• “The company strives to make positive contributions to environmental protection using both production and operational measures.”</li> </ul>
<b>Active in the Community</b> 	<ul style="list-style-type: none"> <li>• Sponsoring activities &amp; donations</li> <li>• Local anchoring</li> </ul>	<ul style="list-style-type: none"> <li>• “We make an important contribution to society through sponsorships, donations and volunteering.”</li> <li>• “We see ourselves as active and responsible citizens, investing in the community.”</li> <li>• “We foster valuable partnerships and sustainable initiatives.”</li> </ul>

The following illustration shows the strategic fields of action, the main topics, corresponding principles for action, key figures for control, and the objectives.

These form NOVOMATIC AG's "Winning Responsibly" program for the coming years.

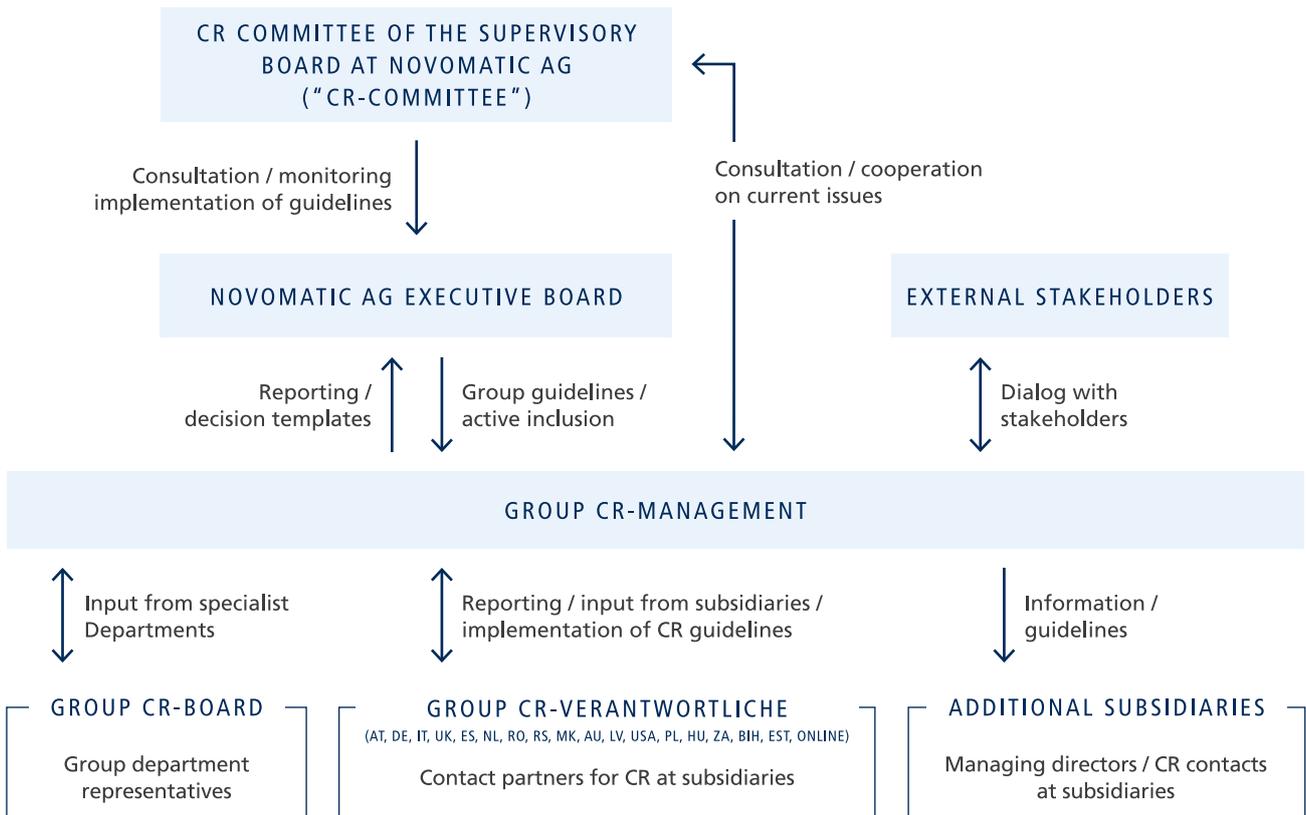
Control Indicators	Strategic Objective
<ul style="list-style-type: none"> <li>Degree of implementation for Responsible Entertainment (RE) measures</li> <li>RE certifications within the Group</li> <li>Implementation of the RE policy</li> </ul>	<ul style="list-style-type: none"> <li>Prevent problematic gaming and protect vulnerable groups</li> <li>Obtaining and maintaining licenses using RE measures</li> <li>100% of Group companies implement RE policy</li> <li>At least 70% Group revenue is certified in accordance with the G4 player protection standard</li> </ul>
<ul style="list-style-type: none"> <li>Degree of implementation of training on Code of Conduct and company policies</li> <li>Reported violations of legal requirements, Code of Conduct and company policies</li> </ul>	<ul style="list-style-type: none"> <li>100% of Group subsidiaries comply with legal requirements and the Code of Conduct</li> <li>Prevent corruption and money laundering</li> <li>Protection of personal data belonging to customers and other stakeholders</li> </ul>
<ul style="list-style-type: none"> <li>Proportion of women overall and in management positions</li> <li>Proportion of employee terminations</li> <li>Sick leave rate</li> <li>Accident rate</li> <li>Training and further education hours per employee</li> </ul>	<ul style="list-style-type: none"> <li>Positioning in the market as an attractive employer</li> <li>Creation of a safe and healthy work environment that supports diversity and innovation</li> <li>Continuous reduction of accident rate and no deaths</li> </ul>
<ul style="list-style-type: none"> <li>Energy consumption in MWh</li> <li>CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions in metric tons</li> <li>Water consumption in m<sup>3</sup></li> <li>Waste in metric tons</li> </ul>	<ul style="list-style-type: none"> <li>Continuous reduction of absolute and relative energy use as well as Scope 1 and Scope 2 CO<sub>2</sub>e emissions</li> <li>Continuous increase in electricity from renewable sources</li> <li>Continuous reduction of absolute and relative water consumption and waste generated</li> <li>Contribution to environmental protection in the manufacturing and operational segments</li> <li>Evaluation of the necessary measures according to the EU taxonomy</li> </ul>
<ul style="list-style-type: none"> <li>Extent of the effect of sponsoring activities, donations, and volunteer work</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to corporate responsibility via sponsoring activities, donations, and volunteer work.</li> </ul>

### Anchoring within the Organization

The Group CR & ESG Department is responsible for the strategic, structural, and impact oriented management of environmental social governance at NOVOMATIC. This department reports directly to the NOVOMATIC AG Executive Board. Coordination of strategic ESG challenges, as well as the identification of opportunities and risks, is based on regular conversation, both with the management of the company, and with NOVOMATIC AG's Supervisory Board CR committee. The committee is made up of members from the Supervisory Board. Their job is, in cooperation with Group CR & ESG Management, to identify strategic ESG issues, risks, and opportunities, and to present corresponding action proposals to the Managing Directors. The committee highlights how strategically important CR and ESG are at NOVOMATIC and meets several times a year.

In addition, the CR Board also holds several meetings each year to support continued development and conversations on subjects related to ESG within the Group. The CR Board is made up of representatives from the most important Group functions, Austrian operative units, and internal experts on relevant ESG subjects. The Board shares relevant information and presents and discusses suggestions on implementation. This ensures a high level of CR & ESG integration in all operative and supporting business units.

The major subsidiaries are integrated into the CR team to achieve international coordination, control, and measurement of fields of action. Each officer within a subsidiary delivers ESG relevant information to headquarters, implements measures and projects, ensures guidelines are met, and maintains a dialog with local stakeholders. They engage regularly in team calls, international meetings, and a continuous exchange of information.



GRI 102-18, -19, -20

## Environmental Social Governance Ratings

The ESG is designed as a clear, measurable, and transparent evaluation, similar to corporate financial rating evaluations, and has therefore become an important criterion for investors and financial decision makers. External ESG evaluations are becoming increasingly important, and as such NOVOMATIC remains in close contact here regarding these issues with its investors, banks, and insurance companies. The Group has been rated as follows based on the ESG risks and performance.



### Sustainalytics ESG Risk Rating

In April, 2020, the renowned international ESG-ratings agency Sustainalytics evaluated NOVOMATIC AG's ESG profile, judging it to have a "Low risk of material financial impacts driven by ESG factors." NOVOMATIC AG received a specific ESG risk rating of 18.8 points, thus reaching 3rd place among 80 international gaming companies rated by Sustainalytics. This also places NOVOMATIC AG among the top 100 companies worldwide in the broader consumer services industry.

[www.sustainalytics.com](http://www.sustainalytics.com)



### ISS ESG Corporate Rating

In May, 2021, ISS ESG awarded NOVOMATIC a C rating, placing it in the top 40% electronics industry companies and confirming its high transparency level.

[www.issgovernance.com/esg-de](http://www.issgovernance.com/esg-de)



### VigeoEiris ESG Rating

In August, 2020, NOVOMATIC was evaluated by VigeoEiris ESG Rating, placing 22 out of 44 companies in its European technology hardware peer group.

[www.vigeo-eiris.com](http://www.vigeo-eiris.com)



### RepRisk Rating

RepRisk Rating considers NOVOMATIC to have a low ESG risk, with a risk rating of A: possible ratings range from D to AAA.

[www.reprisk.com](http://www.reprisk.com)

In addition, NOVOMATIC also received ratings for specific ESG categories from MSCI and Trucost (part of S&P).

## Principles, Standards, Systems, and Certifications

In order to proactively manage performance progress and improvement on ESG subjects, as well as to proactively manage stakeholders, the company uses a series of CR relevant principles, standards, management systems, and certifications. The NOVOMATIC AG Group uses a variety of standards and tools to manage ESG subjects across its numerous international production locations and operational subsidiaries. As a base for Group-wide CR & ESG management, NOVOMATIC uses

relevant standards and guidelines, such as the Sustainable Development Goals (SDGs), the principles of the UN Global Compact (UNGC), the Global Reporting Initiative standards, the guidelines on non-financial reporting as published by the European Commission, and also the Austrian Law on the Improvement of Sustainability and Diversity (NaDiVeG).

There are also a large number of standards and other tools that are applied throughout the NOVOMATIC AG Group.



Tool	Context	In use from
<b>United Nations Global Compact (UNGC) Principles</b>	Company initiative founded in 2000 by UN General Secretary Kofi Annan, encompassing ten principles for responsible action.	<b>2014</b>
<b>United Nations Sustainable Development Goals (UN SDGs)</b>	17 measurable sustainable goals adopted by the United Nations. NOVOMATIC uses these SDGs as a strategic guide, and provides information within the framework of this report.	<b>2015</b>
<b>Global Reporting Initiative Standards (GRI)</b>	Worldwide de facto standards (GRI Standards) for environmental social governance and sustainability reporting. This report is written in compliance with the standards as laid out in the Global Reporting Initiative (GRI), application scope 'core'.	<b>2011</b>
<b>Austrian Law on the Improvement of Sustainability and Diversity (NaDiVeG)</b>	Austrian law for implementing Directive 2014/95/EU on non-financial reporting within the European Union.	<b>2017</b>
<b>Quality Management standard ISO 9001</b>	ISO 9001 is also an International Organization for Standardization (ISO) standard, and sets out rules for managing quality aspects.	<b>2005</b>
<b>Environmental Management standard ISO 14001</b>	ISO 14001 is an ISO standard for managing performance evaluations in regard to ecological aspects.	<b>2014</b>
<b>Health and Safety Management standard ISO 45001</b>	ISO 45001 is an ISO standard for managing work health and safety within a company.	<b>2014</b>
<b>Information Security standard ISO 27001</b>	ISO 27001 is an ISO standard for managing information security within an organization.	<b>2009</b>
<b>G4 player protection standard</b>	G4 is the international standard for responsible gaming.	<b>2019</b>

**Sustainable Development Goals (SDGs):**

Ever since they were published in 2015, NOVOMATIC AG has supported the globally applicable Sustainable Development Goals (SDGs). NOVOMATIC uses these SDGs as a strategic guide, and provides information within the framework of this report.

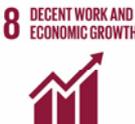
 United Nations Sustainable Development Goals:  
<https://sustainabledevelopment.un.org>

The following overview illustrates the NOVOMATIC AG Group’s contribution to the SDGs. This was derived from the document entitled “An analysis of the goals and targets” published by the United Nations Global Compact and the Global Reporting Initiative.

An overview of all SDG targets and page references to the respective content can be found in the “GRI, SDG, UNGC and NaDiVeG Index” of this report.



## NOVOMATIC’S Contribution to the Sustainable Development Goals

SDGs	Supported subgoals	NOVOMATIC contribution
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p>3.9. Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<ul style="list-style-type: none"> <li>• Workplace health and safety measures for all employees.</li> <li>• Environmental management to reduce waste and emissions.</li> </ul>
 <p><b>4</b> QUALITY EDUCATION</p>	<p>4.5. Eliminate gender disparities in education and ensure equal access to levels of education and training.</p>	<ul style="list-style-type: none"> <li>• Extensive training and development program for all employees.</li> <li>• Support for apprentices.</li> <li>• Measures to ensure diversity and equality.</li> </ul>
 <p><b>5</b> GENDER EQUALITY</p>	<p>5.1. End all forms of discrimination against all women and girls everywhere.</p>	<ul style="list-style-type: none"> <li>• Support for women in leadership positions.</li> <li>• Measures to ensure diversity and equality.</li> </ul>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<p>7.2. Increase substantially the share of renewable energy in the global energy mix.</p> <p>7.3. Improve energy efficiency.</p>	<ul style="list-style-type: none"> <li>• Group-wide monitoring of absolute and relative consumption, the energy sources used and the emissions caused.</li> </ul>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p>8.1. Sustain per capita economic growth in accordance with national circumstances.</p> <p>8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation.</p> <p>8.4. Improve progressively global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation.</p> <p>8.5. Achieve full and productive employment and decent work for all women and men.</p> <p>8.8. Protect labor rights and promote safe and secure working environments for all workers.</p>	<ul style="list-style-type: none"> <li>• Measure the economic footprint of NOVOMATIC AG.</li> <li>• Support for local economic output, through jobs created, local tax levies, and regional suppliers.</li> <li>• Support for innovative strength both through education and training and through innovation projects.</li> <li>• Measures to increase energy and resource efficiency.</li> <li>• Create thousands of jobs in the consolidated group in more than 50 countries.</li> <li>• Workplace health and safety measures and ensuring equal treatment as well as the protection of employee rights in the Group.</li> </ul>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>9.2. Promote inclusive and sustainable industrialization.</p>	<ul style="list-style-type: none"> <li>• Create jobs in more than 50 countries.</li> <li>• Environmental Social Governance management for social and ecological development in the Group.</li> </ul>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.6. Adopt sustainable practices and integrate sustainability information into the reporting cycle.</p>	<ul style="list-style-type: none"> <li>• Since 2017, recording of non-financial performance indicators in a non-financial report.</li> <li>• Transparent communication on environmental, social and corporate responsibility with relevant stakeholders.</li> </ul>

SDGs	Supported subgoals	NOVOMATIC contribution
 <p>13 CLIMATE ACTION</p>	13.1. Strengthen adaptive capacity to climate-related hazards and natural disasters.	<ul style="list-style-type: none"> <li>• Measure direct and indirect CO<sub>2</sub>e emissions.</li> <li>• Measures to reduce energy consumption and emissions.</li> </ul>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all.	<ul style="list-style-type: none"> <li>• Ensure compliance with legal requirements through the company's internal Code of Conduct and Group policies.</li> <li>• Organization and processes to report or otherwise identify violations.</li> </ul>

### United Nations Global Compact (UNGC) Principles

The NOVOMATIC AG Annual Report serves as Communication on Progress in line with the UNGC principles. This Communication on Progress is also available online on the United Nations Global Compact website.

 United Nations Global Compact – NOVOMATIC AG profile: [www.unglobalcompact.org/what-is-gc/participants/36511](http://www.unglobalcompact.org/what-is-gc/participants/36511)

NOVOMATIC is committed to the ten United Nations Global Compact (UNGC) principles. An overview of all UNGC targets and page references to the respective content can be found in the “GRI, SDG, UNGC and NaDiVeG Index” of this report.

## WE SUPPORT



### The EU Regulation on the Establishment of a Framework to Facilitate Sustainable Investment and Amending the Regulation (EU Taxonomy)

In June 2020, the Taxonomy Regulation (EU) 2020/852 was adopted at the European level. This stipulates that only those economic activities that make a significant contribution to achieving environmental goals are green. At the same time, they must not significantly compromise other environmental objectives. On April 21, 2021, the European Commission published the detailed requirements for economic activities that contribute to climate change mitigation and adaptation efforts.

The following categories of activities can be assessed as taxonomy-compliant:

Sustainable activities:

- Activities that contribute to one of the six environmental goals, e.g., renewable energy production

Transitional activities:

- Activities for which there is no “sustainable alternative” but where GHG emissions are reduced to the best possible extent, thus contributing to the transition to a climate-neutral economy (*only applicable for environmental goal “climate protection”*)

Enabling activities:

- Activities that support other economic activities in achieving an environmental goal

The regulation obliges financial market players and large companies to disclose taxable sales and investments.

Companies required to prepare non-financial reports in accordance with the EU Directive 2014/95/EU must in future include in their non-financial reports information on how and to what extent the company's activities are linked to environmentally sustainable economic activities.

In order to meet the requirements of the Taxonomy Regulation, the integrative nature of the information to be disclosed, i.e., the combination of financial and non-financial information, requires processing by an interdisciplinary team from all the departments involved.

NOVOMATIC AG did this in coordination with the Corporate Responsibility & Sustainability and Group Controlling departments, as well as with the involvement of all corporate responsibility officers of the consolidated companies in the respective countries.

The process for classifying economic activity with regard to the EU taxonomy was first started at NOVOMATIC AG in 2021. The analysis phase currently underway is intended to clarify which fields of activity are relevant to NOVOMATIC's business activities and what the specific business activities within them are. A further audit process relates to the existence of materiality of the revenues generated or investments made. The EU Taxonomy Regulation does not recognize the materiality approach, but this is unavoidable for reasons of practicability. In an initial assessment in 2021, NOVOMATIC drew up a list of ten possible economic activities, which were subsequently discussed in cooperation with Group Controlling and Group Consolidation.

With the support of PWC's ESG team, business activities were then identified which are relevant on the one hand and material on the other, that is to say if corresponding classifiable economic activities exist.

This led to the conclusion that only activities under items 7.7 (Acquisition and ownership of buildings) and 8.1 (Data processing, hosting and related activities) were eligible.

These two areas then underwent a review in cooperation with the technical experts of the various subsidiaries, and no significant business activities to which the EU taxonomy would be applicable were identified for either of the two items. For item 7.7, the audit was able to cover over 90% of the corresponding real estate area, and it achieved full coverage for item 8.1.

Taxonomy compliance	Revenue	CAPEX	OPEX
Taxonomy compliant	0%	0%	0%
Taxonomy non-compliant	100%	100%	100%

## Global Reporting Initiative (GRI) Reporting Standards

This report is written in compliance with the standards as laid out in the Global Reporting Initiative (GRI), application scope 'core'. The 2017 fiscal year saw the transition from GRI G4 guidelines to GRI standards.

 Global Reporting Initiative (GRI): [www.globalreporting.org](http://www.globalreporting.org)

 GRI 102-54

## Austrian Law on the Improvement of Sustainability and Diversity (Nachhaltigkeits- und Diversitätsverbesserungsgesetz, NaDiVeG)

This report was written to meet requirements listed in Sections 243b and 267a of the Austrian Commercial Code (Sustainability and Diversity Improvement Act, NaDiVeG), and thus serves as a (consolidated) non-financial report within the framework of the Annual Report. It implements, at a national level, EU Directive 2014/95/EU on non-financial reporting.

 European Commission Guidelines on non-financial reporting: <https://eur-lex.europa.eu/>

In addition to the information provided in the Annual Report, there are further GRI key figures in the figures notes. These notes are included in the digital version of the report. The print version indicates that these figures notes can be downloaded separately on the NOVOMATIC website, which is accessible to everyone.

 Environmental Social Governance appendix to the NOVOMATIC AG Group Annual Report: [www.novomatic.com/cr](http://www.novomatic.com/cr)

## About the Report

The non-financial report is published annually. The previous report was released on April 2, 2021. Unless otherwise stated, all information and data refer to the 2021 fiscal year from January 1 to December 31. Figures are taken from the cut-off date of December 31.

 GRI 102-50, -51, -52

The report includes, unless otherwise stated, all those companies within the scope of consolidation, with information recorded via direct data collection or extrapolation.

For the 2021 fiscal year, this report includes data collected directly on companies making up 92% of the NOVOMATIC AG Group revenue. The remaining amount is extrapolated to reach a total of 100%. You can find a summary in the Segment Analysis chapter included in the notes for this Consolidated Financial Statement.

The report, including the integrated index and all non-financial key figures, can be accessed online at:

 [www.novomatic.com/cr](http://www.novomatic.com/cr)

The following symbols are used in the report to give the reader guidance:

 Reference to a statement in relation to the United Nations Sustainable Development Goals (SDGs)

 Reference to an indicator according to the Global Reporting Initiative, application level "core"

 Reference to further information or cross-references in the report

In order to improve readability, some terminology is used only in its masculine form. Statements referring to people apply to both men and women.

## Changes in 2021

- Expanded ESG ratings information
- Information on dealing with the COVID-19 pandemic and on the new Supplier Code of Conduct was supplemented
- For the first time, the provisions of the EU taxonomy were assessed in relation to the business activities of NOVOMATIC AG.
- Expansion of directly integrated subsidiaries, including major companies in Estonia, South Africa, and Bosnia and Herzegovina
- Data from 2018–2021 was updated where necessary, in order to meet the scope of reporting for 2021
- More accurate extrapolation of companies not included directly
- Expand G4 player protection efforts to Italy and Spain
- Photos and numerous highlight texts were cut

The auditor has issued a report on the voluntary audit of the disclosure of the information required in the non-financial report for the year 2021, which did not give rise to any objections. The information disclosed in the non-financial report has been prepared in accordance with the GRI Standards: Core Option issued by the Global Sustainability Standards Board (GSSB), the requirements of sections 243b and 267a of the Austrian Commercial Code (UGB), as well as Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139. You can view the independent audit report at the end of this report.

 GRI 102-48, -49

**WE ARE GRATEFUL FOR FEEDBACK AND  
SUGGESTIONS MADE TO THE  
GROUP CR & ESG DEPARTMENT.**

Group CR & ESG  
Tel: +43 2252 606 0  
Email: [cr@novomatic.com](mailto:cr@novomatic.com)

 GRI 102-53



# RESPONSIBLE ENTERTAINMENT

This section provides a summary of the most important results and measures described in this chapter.

## TAKING ON RESPONSIBILITY

- “We offer responsible entertainment, and ensure that our products and services are used safely and conscientiously.”
- “We ensure that our employees are well trained in player protection and pay close attention to identifying problematic behavior and act accordingly.”
- “We prevent minors and other vulnerable groups from using our products or services.”

## Responsible Entertainment



**12**

12 most important Group companies certified in accordance with the G4 player protection standard (represents 63% of Group revenue)

## Responsible Technology



**14**

Introduction of the NOVOMATIC Biometric System™ (NBS) in 14 countries of the Group

## PRINCIPLES OF THE RESPONSIBLE ENTERTAINMENT CODE

I

NOVOMATIC always acts in accordance with the law.

II

NOVOMATIC represents strict protection of minors.

III

NOVOMATIC values informed customers.

IV

NOVOMATIC advertises its services responsibly.

V

NOVOMATIC employs competent staff members.

# RESPONSIBLE ENTERTAINMENT

The company acts as a welcoming and responsible host at its branches and gaming facilities. That is why it offers only responsible gaming options and creates suitable framework conditions to keep gaming fun.

The figures and graphics presented in this chapter apply, unless otherwise indicated, to all NOVOMATIC AG companies.

At NOVOMATIC, Responsible Entertainment includes methods for gaming addiction prevention and player protection in the gaming segment, but also includes measures in the sports betting, lottery, and online gaming segments. NOVOMATIC takes the requirements and expectations of authorities, customers, business partners, and other stakeholders seriously, making Responsible Entertainment a key element in the implementation of business activities at NOVOMATIC.

In many countries, gaming offers are strictly regulated and controlled by the state. The criteria are defined very differently across Europe, and even within individual countries. The specific definition of Responsible Entertainment measures primarily depends on the legal framework of the individual markets in which NOVOMATIC is active. Clear legal regulations are very much welcomed by NOVOMATIC and therefore the company is only active where these clear framework conditions and regulated gaming exist.

Gaming protection is ensured by means of employee training, technical know-how, many years of international experience and cooperation with relevant experts and institutions. By proactively addressing the issue of responsible entertainment and involving all areas, from casinos and gaming facilities to sports betting and online gaming, NOVOMATIC is able to implement player and youth protection measures that go far beyond legal requirements. Examples cited include extensive employee training on addiction prevention, biometric access restrictions, and measures pertaining to responsible marketing practices. Comprehensive information can be found in the respective sections of this chapter.

Responsible gaming relies heavily on there being a healthy degree of personal responsibility on the part of the player coupled with the implementation of appropriate player protection measures. NOVOMATIC therefore informs customers of the dangers of excessive use and may restrict the duration of play, frequency of visits and amount bet in accordance with local legal regulations. This plays a crucial role in preventing problem gambling behavior.

## Responsible Entertainment Measures: a Summary

The overview shows the most important measures in the different countries as well as compliance with these:

Responsible Entertainment Measures	AT		DE				ITA			
	ADMIRAL Casinos & Entertainment AG	ADMIRAL Sportwetten GmbH	ADMIRAL Spielhallen Gesellschaften	NOVO Interactive GmbH	Kurhessische Spielbank Kassel/ Bad Wildungen GmbH & Co. KG	LÖWEN ENTERTAINMENT GmbH	Spielbank Berlin GmbH & Co. KG (Potsdamer Platz)	Allstar S.r.l. & Admiral Gaming Network S.r.l.	NOVOMATIC Italia S.p.A.	Admiral Sport S.r.l.
Employee training	●	●	●	●	●	●	●	●	●	●
Protection of minors	●	●	●	●	●	●	●	●	●	●
Information offering	●	●	●	●	●	●	●	●	●	●
Contacts	●	●	●	●	●	●	●	●	●	●
Cooperation with therapy & counseling institutions	●	●	●	●	●	●	●	●	●	●
Support for research institutions	●	●	●	●	●	●	●	●	●	●
Helpline	●	●	●	●	●	●	●	●	●	●
Access control system	●	●	●	●	●	●	●	●	●	●
Access restrictions	●	●	●	●	●	●	●	●	●	●
Technical prevention measures	●	●	●	●	●	●	●	●	●	●
Active Responsible Entertainment communication	●	●	●	●	●	●	●	●	●	●

● implemented ● currently not implemented, or not applicable

The measures presented meet or exceed local legal requirements. Only companies are shown in which operational player protection is relevant. Changes to the previous year are the result of changes to the scope of consolidation.

The following companies, whose implementation is identical in each country, are summarized as follows:

ADMIRAL Spielhallen Gesellschaften: includes all operative companies active in Germany and not listed in this table

NOVOMATIC Netherlands Operations: Biermann's Bingo B.V., Casino Admiral Appelscha B.V., Casino Admiral Holland B.V., Casino Admiral Noordwijk B.V., Casino Admiral Staff B.V., Casino Admiral Zeeland B.V., Casino Sevens Simpelveld B.V., NOVOMATIC Exploitatie NL I B.V., NOVOMATIC Exploitatie NL II B.V., NOVOMATIC Exploitatie NL III B.V., NOVOMATIC Services NL B.V., Recreatieprojecten Zeeland B.V., Rio Vught B.V., Speelautomatenexploitatie Topa B.V., Super Game B.V.

NOVOMATIC Romanian Operations: Admiral Leisure SRL, Alea Leisure SRL, Intertop Leisure SRL

Online Operations: BeatYa Online Entertainment plc, Funstage GmbH, Greentube Alderney Ltd., Greentube Internet Entertainment Solutions GmbH, Greentube Malta Ltd., Greentube UK Ltd.

- **Employee training:** Training on player protection and gaming addiction prevention for employees who have customer contact.
- **Protection of minors:** In all areas of gambling, minors are prevented from using products (local laws apply, e.g., no admittance for persons under 18).
- **Information offering:** Customers are provided with information that tells them about the topic of gaming addiction and raises their awareness (e.g. self-check, information brochure, etc.). This is designed to support informed and responsible gaming.
- **Contact:** Provide customers with contacts to gaming facility management or Responsible Entertainment experts.
- **Support for research institutions:** Sponsorships and partnerships with research, treatment or counseling organizations to improve gaming addiction prevention and player protection measures.
- **Counseling hotline:** Telephone hotline staffed by gaming addiction experts, among others, available to all customers seeking help.
- **Access control system:** System for collecting specific information in regards to player protection before the gaming device is used.
- **Access restrictions:** Measures to restrict the use of products by specific groups of people (e.g., vulnerable groups such as minors).
- **Technical prevention measures:** Measures to prevent problematic gaming (some but not all symptoms of gaming addiction are present).
- **Responsible Entertainment dialog:** Measures for proactively communicating and entering into dialog with customers and other stakeholders regarding gaming addiction prevention and player protection.

UK	ES		NL	RO	RS			MK			PL	LV	ZA	EST	US	Online	
Luxury Leisure Ultd. & RAL Ltd.	Admiral Slots S.A. & Salones Macao S.L.	Basque Gaming S.L.	NOVOMATIC Netherlands Operations	NOVOMATIC Romania Operations	Admira d.o.o & Millennium Bet d.o.o.	Novo Investment d.o.o.	Zbet RS d.o.o.	MA Gaming DOOEL	Masterbet DOOEL	Makoten DOOEL	HTL Makedonija DOOEL	Estrada Polska Sp. z o.o.	Alfor SIA & Admiralu Klubs SIA	NOVOMATIC Africa (Pty) Ltd.	Novoloto OÜ	Novomatic Americas Sales LLC	Online Operations
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

CR & ESG Management pools all information on the requirements and activities of this issue. Group companies remain in regular contact with one another to exchange examples of good practice. The goal is to improve player protection and acquire and maintain licenses.

These activities include the following Responsible Entertainment aspects: compliance, protection of minors, information for customers, responsible advertising, trained employees. The Responsible Entertainment Code is used in internal training sessions on the topic of player protection, and is provided to every new employee.

It is available both to the public and on the NOVOMATIC intranet (NOVONET) in German, English, and Italian, and was updated in 2021.

 Responsible Entertainment [www.novomatic.com/cr](http://www.novomatic.com/cr)

NOVOMATIC also lobbied for a proactive approach to the issue of responsibility within the core business at various trade associations. Together with the members of The European Gaming and Amusement Federation (EUROMAT), NOVOMATIC developed principles of social responsibility within the industry that were adopted in 2018.

The following sections describe Group management approaches for material issues.

 GRI 103-2, 417-1

## Player Protection and Gaming Addiction Prevention

In CR & ESG Management, player protection and the prevention of gaming addiction are key fields of action. These areas contain all measures used for recognizing and preventing problematic gaming, and offering relevant help if necessary. This applies to gaming in electronic casinos, sports betting, lottery, and online gaming. The relevant measures implemented within the Group have been recorded.

A recurring theme is the balance between player protection and revenue, which neither the player protection experts interviewed nor NOVOMATIC believe to be a contradiction in terms. Customers who enjoy playing responsibly are the foundation for lasting business success, which means that having effective player protection is not only important for customers, but it is the basis for NOVOMATIC's lasting business success.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>PLAYER PROTECTION</b></p>	<p><b>Principles:</b> Prevent problematic gaming and protect other vulnerable groups</p>	
<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Approve the amended Group Responsible Entertainment Code</li> <li>• Expand G4 certification</li> <li>• Expand the NOVOMATIC Biometric System™ (NBS Casino Management)</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Roll out of Group Responsible Entertainment Code from 2021 (postponed due to COVID-19)</li> <li>• Successful G4 recertification in several countries</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Awareness training for employees regarding the importance of player protection</li> <li>• G4 recertification</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• New access terminal for player protection in casinos and restaurants</li> <li>• Implemented RE employee training, casino visits and workshops in cooperation with the Gesellschaft für Spielerschutz und Prävention (Society for Player Protection and Prevention, GSP)</li> <li>• Developed a comprehensive social concept with GSP for the sports betting business and virtual machines</li> <li>• Further developed products relating to device activation</li> <li>• Connected to the new OASIS player blocking file</li> <li>• Launched a new technical access control system (CASINONET)</li> <li>• G4 recertification</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Active cooperation on RE agenda on industry platforms</li> <li>• Participated in RE platform Plataforma para el Juego Sostenible and implementation of RE principles</li> <li>• Cooperated with ACENCAS (company specialized in the treatment of all types of addiction, including gaming addiction)</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Participated in new provider-independent platform on responsible game design</li> <li>• Participated in country-wide Safer Gambling Week</li> <li>• Participated in the Gambling Participation and Harms Research – Industry Engagement Panel</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• Participate in central player register</li> <li>• Introduce a player protection app</li> <li>• Update player protection policy</li> <li>• RE information and communication materials for employees and customers</li> <li>• Introduced the NOVOMATIC Biometric Systems™</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Communicate and roll out the new Group Responsible Entertainment Codex Extension of G4 certification to Italy and Spain (2022)</li> <li>• Expand the NOVOMATIC Biometric System™ (NBS Casino Management)</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Update RE area on website</li> <li>• Awareness training for employees regarding the importance of player protection</li> <li>• Evaluate player protection measures</li> <li>• Further training measures for facility and service center employees</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• Optimize processes and expand digitalization for blocked file queries and device activation</li> <li>• Further develop a new social concept</li> <li>• Continue player protection activities</li> <li>• Evaluate the contracted aid organizations</li> <li>• Intensive training on the subject of player protection</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• New RE employee training</li> <li>• Initial G4 certification</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>• Further develop the RE platform Plataforma para el Juego Sostenible and implement RE principles</li> <li>• Initial G4 certification</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Complete the ethical game design code of conduct</li> <li>• Participate in country-wide Safer Gambling Week</li> <li>• Recertification G4 (postponed due to COVID-19)</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• Increased focus on reporting and recording on player protection issues</li> </ul>

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
	<ul style="list-style-type: none"> <li>• RE workshop and E-learning program for employees</li> <li>• G4 recertification</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Implemented a RE questionnaire for customers</li> </ul> <p><b>Serbia:</b></p> <ul style="list-style-type: none"> <li>• RE communication to customers, employees, included in marketing materials, on the website, and on social media</li> </ul> <p><b>North Macedonia:</b></p> <ul style="list-style-type: none"> <li>• Responsible gaming training flyer</li> </ul> <p><b>Poland:</b></p> <ul style="list-style-type: none"> <li>• Employee training on the topic of responsible gaming</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• Participated in the American Gaming Association Responsible Gaming Week and in AGA seminars</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Participated in Australian Gaming Council RE activities</li> </ul> <p><b>Latvia:</b></p> <ul style="list-style-type: none"> <li>• New guidelines and training programs for employees on the topic of responsible gaming</li> <li>• New information brochure for people with problematic gaming behavior</li> <li>• Expanded the gambling addiction helpline in cooperation with the Latvian Gaming Association</li> </ul> <p><b>South Africa:</b></p> <ul style="list-style-type: none"> <li>• NBS launched in Namibia</li> <li>• Gamesmart system launched in Eswatini</li> </ul> <p><b>Online:</b></p> <ul style="list-style-type: none"> <li>• Recertification G4 (Greentube)</li> <li>• First-time certification G4 (Funstage)</li> <li>• Cooperated with BetBlocker.org to expand player protection</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperate with external experts on the topic of player protection</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Active cooperation with ROMSLOT on RE issues</li> <li>• Evaluate the possibility of G4 certification</li> </ul> <p><b>Serbia:</b></p> <ul style="list-style-type: none"> <li>• Communicate responsible gaming policies</li> </ul> <p><b>North Macedonia:</b></p> <ul style="list-style-type: none"> <li>• Responsible gaming training for all new employees</li> </ul> <p><b>Poland</b></p> <ul style="list-style-type: none"> <li>• Expand employee training on the topic of responsible gaming</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• More RE training for employees</li> <li>• Participate in industry RE activities (e.g., AGA)</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Actively participate in RE activities on the industry platform</li> </ul> <p><b>Latvia:</b></p> <ul style="list-style-type: none"> <li>• Employee training on the topic of responsible gaming</li> <li>• Prepare for G4 certification</li> </ul> <p><b>South Africa:</b></p> <ul style="list-style-type: none"> <li>• Build on the launch of NBS in Namibia</li> <li>• Build on the launch of the Gamesmart system in Eswatini</li> </ul> <p><b>Estonia:</b></p> <ul style="list-style-type: none"> <li>• Employee training on the topic of responsible gaming</li> </ul> <p><b>Online:</b></p> <ul style="list-style-type: none"> <li>• Employee training on the topic of responsible gaming</li> </ul>

**G4 Certifications Within the Group**

The Group is committed to improving player protection on an ongoing basis. Beginning in 2019, the majority of Group revenue with the most important Group companies have been certified in accordance with the international player protection standard as set out by the Global Gambling Guidance Group (G4). This exceeds legal requirements and specialists consider it the most accepted player protection standard in the world. Multiple concrete measures are checked before the certification is awarded.

Country	Company	(Re)certified since
Austria	NOVOMATIC AG	2019
	ADMIRAL Casinos & Entertainment AG	2021
	ADMIRAL Sportwetten GmbH	2021
	Greentube GmbH	2021
	Funstage GmbH	2021
Germany	LÖWEN ENTERTAINMENT GmbH	2021
	ADMIRAL Entertainment GmbH	2021
	Spielbank Berlin GmbH & Co. KG	2021
The Netherlands	NOVOMATIC Netherlands	2018
United Kingdom	RAL Ltd.	2021/2022
	Luxury Leisure Ultd.	2021/2022
Malta	Greentube Malta Ltd.	2021

These include internal company Guidelines and Codes of Conduct, quality checks on training for personnel, proof of age, information for customers regarding the risks of gaming, or options for limiting playing time or banning a customer completely. Recertification and initial certification is in planning for further corporations.



**Certification Level According to g4 Player Protection Standard**

**G4 Player Protection Certification Criteria**

**Responsible Gaming Code of Practice:**

Code of conduct regarding player protection

**Responsible Gaming Mission Statement:**

Clear commitment to comprehensive player protection by company management

**Corporate Standards:**

Minimum standards for licensing, auditing, playing on credit, money laundering prevention, data protection, dealing with complaints, research, engaging stakeholders, guidelines.

**Operational Code of Practice:**

Rules regarding age verification, information on player protection, advertising and marketing, rewards and incentives, employee training, free games, customer registration, taxes on gaming pools.

**Player Protection Tools:**

Implementation of reality checks, information on the game, limits, self-suspension, suspension from specific products, identifying problematic player behavior.

**Staff and Problem Gambling:**

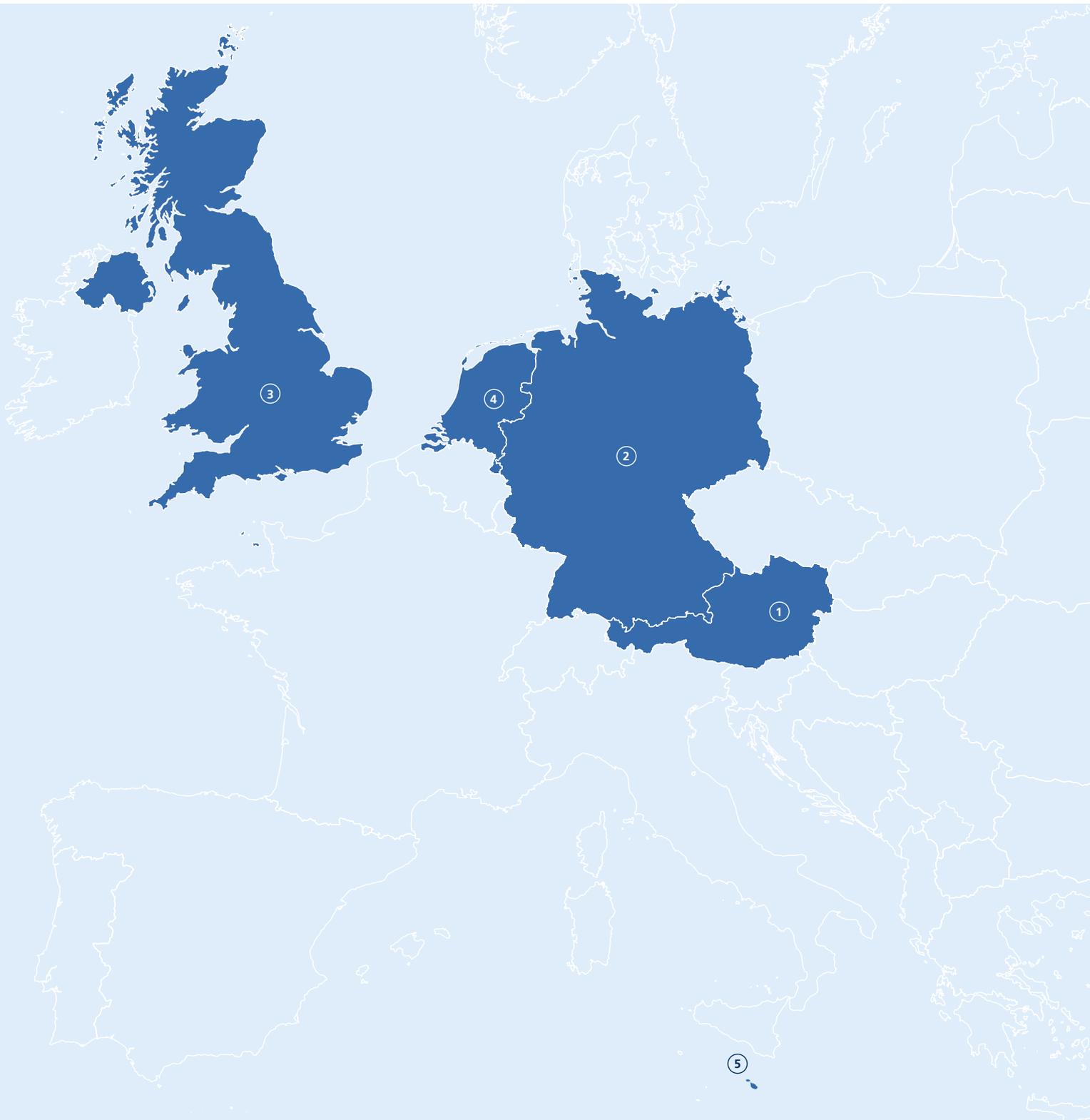
Implementing an employee assistance program.

**Player Protection Framework:**

Document all player protection measures.

GRI 416-1

## Eleven G4 certifications in five countries



① Austria

② Germany

③ United Kingdom

④ The Netherlands

⑤ Malta

### Responsibility in Gaming

Responsibility begins with technical player protection. NOVOMATIC AG, with headquarters in Gumpoldskirchen (Lower Austria) is one of the world's leading locations for both research and development on and the production of gaming machines.

One NOVOMATIC innovation in the area of responsible entertainment is NOVOMATIC Biometric Systems™ (NBS). This biometric system allows for unique authentication of registered customers using fingerprints, and offers the advantage of fully automated access. Each gaming device can only be activated and played with the fingerprint. A separate customer card or password are no longer needed for identification. At the same time, the fingerprint serves as an e-wallet, allowing uncomplicated transfer of credits between gaming terminals. Customers can also use payout machines and pay for catering in this manner. The advantage for player protection is the unique allocation of biometric data to a registered guest. This means vulnerable groups such as minors and also customers who have been banned from the location can be quickly identified and excluded.

In addition to casino software and hardware components, the NBS department also develops management systems on the subject of responsible gaming that cover all country-specific legal requirements. Biometrics are also used in some cases, enabling (automated) unique identification and thus fulfilling all youth and player protection requirements. Sophisticated algorithms are used to prevent money laundering. NBS Casino Management as well as NBS Access Systems are already used in numerous countries, such as Austria, Czech Republic, Croatia, Germany, Italy, Netherlands, Spain, Bulgaria, Romania, Serbia, Slovakia, Ukraine, Tanzania, and Namibia.

### Responsible Sports Betting

NOVOMATIC runs sports betting facilities in Austria and Germany, and also offers mobile and online sports betting services. ADMIRAL Sportwetten GmbH (ASW) operates over 210 gaming facilities in Austria. Customers have the option of limiting the amount they can bet, and therefore take personal responsibility for adjusting their betting behavior. In addition to information brochures, such as the customer folder "Responsible Sports Betting – tips for responsible handling of sports betting", the company provides contact to support and

therapy facilities. The ASW customer card helps to guarantee comprehensive sports betting player protection. The Responsible Entertainment Code, which all employees must follow, serves as a guideline on responsible betting. All employees receive the Code when they are hired, and it is also the subject of regular employee training sessions.

In Germany, sports betting is offered on the online market by NOVO INTERACTIVE (previously ADMIRAL Sportwetten) under the ADMIRALBET brand name. The company met the strict requirements set out in the comprehensive licensing process, including requirements on protection of players and minors, IT security, payment methods, and sales concepts.

 Responsible Betting: [www.admiral.at](http://www.admiral.at)

### Online Gaming Responsibility

All around the world, the online gaming market is growing. However, in addition to new gaming options, it also presents challenges for preventing problematic gaming behavior. At the same time, technical possibilities open up new paths to player protection. One example of this is the player protection measures of the Greentube Group. Since 2020, the "Mentor" player protection tool has been implemented in numerous products. This tool uses artificial-intelligence-based monitoring to recognize problematic player behavior in customers and then communicates directly with them in order to facilitate a change in behavior. Employees use this information to carry out a detailed check of the player's profile from the point of view of gaming addiction prevention. In the event of behavior deemed problematic, the customer is contacted by experts so that additional measures can be taken.

As a developer of online gaming solutions, Greentube also equips its products with technical player protection solutions, such as time limits, betting limits, or self-suspension options. Implementation was carried out by an interdisciplinary team made up of experts for Responsible Gaming, Customer Service employees, Compliance employees, as well as Brand Management employees.

 Greentube Responsible Gaming: <http://www.greentube.com/csr/>

## Responsible Marketing

Responsible marketing for the products and services provided by NOVOMATIC is another important aspect of Responsible Entertainment. The guiding principles of responsible marketing are described in the Group Responsible Entertainment Code and go above and beyond local laws or product specific requirements. The Code encompasses the following principles that are applied Group-wide:

- No direct advertising to children or minors, to customers who are suspended from play or to those who do not wish to receive advertisements
- No communication/implication that gaming and betting can be a source of income, and no exaggeration of the likelihood of winning
- No sponsorship activities or advertisements in kindergartens, elementary schools, child or youth organizations or at events aimed at children and minors

Not only that, the company takes care, when using communication channels such as social media, to comply with regulations designed for the protection of minors.

100% of products and services offered by the Group must comply with all relevant legal requirements. All subsidiaries must follow Group guidelines, such as the Code of Conduct, the Responsible Gaming Code, etc.

 GRI 417-1

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<b>RESPONSIBLE MARKETING</b>	<b>Principles:</b> Compliance with Group principles regarding responsible marketing	
<b>Group:</b> <ul style="list-style-type: none"> <li>• Improve implementation of Responsible Marketing principles</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Communication and roll-out of the new Group Responsible Entertainment Code including Responsible Marketing Principles Responsible Marketing was content of information to management and subsidiaries</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Review and expand communication and roll out new Group Responsible Entertainment Code including Responsible Marketing principles</li> <li>• Implement Responsible Marketing principles in Group communications and on social media</li> </ul>



# ALWAYS COMPLIANT

This section provides a summary of the most important results and measures described in this chapter.

## TAKING ON RESPONSIBILITY

- “NOVOMATIC implements systems that support compliance with legal requirements and acts in accordance with the standards set out in the Code of Conduct.”
- “Everyone at NOVOMATIC is required to make every effort to identify and prevent any and all fraudulent and criminal behavior within the company.”
- “NOVOMATIC ensures that Group customers’ and stakeholders’ data protection rights are always taken care of.”

## ESG RISKS

- Loss of license due to violation of player protection standards
- Lawsuits due to violation of player protection standards
- Loss of customers due to suspensions
- Violation of legal requirements, the Code of Conduct (CoC) or other Group requirements
- Work safety and health incidents
- Violation of employee rights
- Fire damage
- Pollution and large environmental footprint
- Violation of sponsoring and donation guidelines



0

confirmed corruption cases within the Group

## CODE OF CONDUCT PRINCIPLES

- Basic rules of conduct
- Responsibility to customers
- Treatment of business partners and other third parties
- Ways to do business
- Company property, confidentiality, and property rights
- Dealing with conflicts of interest
- Correct reporting and data protection
- Money laundering
- Environmental protection
- Contact
- Outlook and consequences in the event of violations

# ALWAYS COMPLIANT

The Group Legal, Group Legal Compliance, Group Risk Management, and Group Internal Audit departments ensure that all legal requirements are met.

It goes without saying that all legal requirements and framework conditions must be met. To ensure that this is true, the company identifies all significant financial and non-financial risks at an early stage, evaluates them, and minimizes them using suitable measures. The Group Legal, Group Legal Compliance, Group Risk Management, and Group Internal Audit departments are responsible for providing legal certainty.

## Group Legal & Group Legal Compliance

The Group Legal team (Group Legal department) is the central point of contact for all specialist departments of the Group and the point of contact for legal issues of all kinds. The focus is on contract review and drafting as well as legal support for projects and proceedings. This applies in particular to the areas of mergers and acquisitions, finance, capital measures, or even business development.

In addition, Group Legal is responsible for industrial property rights. This covers all legal tasks, including enforcement measures related to technical and non-technical trademarks.

The focus of Group Legal Compliance is on preventative measures, with the goal of reducing or where possible avoiding the risk of breaching legal provisions, in particular in the areas of anti-corruption, data protection, money laundering prevention, as well as capital market law. To achieve this goal, the team translates legal requirements into preventative measures. These include, for example, Group-wide binding guidelines, guidelines on instruction manuals, implementation of in-person training sessions, and Group-wide e-learning programs.

Every important company subsidiary has local compliance officers, one per country and region. The relevant duties for local compliance managers are defined in binding Group guidelines. All local measures are documented via regular reports. In addition, Compliance Committees make suggestions for improving the Compliance Management System (CMS).

The goal of the NOVOMATIC CMS is to guarantee compliance with legal regulations and company values. This is part of the Code of Conduct, which is binding for all NOVOMATIC AG Group employees (including the Executive Board and the Supervisory Board). Binding Group regulations are created to solidify the Code of Conduct, taking into account the legal framework and a risk-based approach (one example is the Group anti-corruption guidelines).

A key component is the delivery of classroom training and the creation of e-learning. The local compliance managers prescribe reporting duties to encourage compliance with Group standards. The CMS is based on the seven core elements laid out in the German audit standard for compliance management systems IDW PS 980, which is considered a good practice approach.

 IDW PS 980 [www.idw.de](http://www.idw.de)

The Group-wide whistleblowing platform serves to identify violations of legal requirements or the internal Code of Conduct. Any employee or business partner can use this hotline to report violations of the Code of Conduct or the law. The report can be made openly or anonymously. Such reports are then discussed by the Compliance Committee, who determine the next steps. If required, the committee will prepare

suggestions for the Executive Board and the Supervisory Board. Every employee, upon beginning their employment, receives a copy of all important guidelines and documents, such as the Code of Conduct, the Responsible Entertainment (RE) Code, or the safety guidelines for their location.

 GRI 102-17

### Risk Management

Group Risk Management is responsible for risk management at NOVOMATIC AG. A system was introduced, based on international approaches in this segment, for identifying and evaluating Group risks, as well as controlling and monitoring them.

The risk management system operates both at a tactical level (enterprise risk management) and at the process level in order to control operational risks via an internal control system. Discussion and analysis of uncertainties regarding operative and strategic issues within the Group is designed to increase awareness of threats to corporate objectives, as well as increase transparency surrounding processes and value streams. The centrally controlled risk management approach identifies and analyzes different types of risk for the company at an early stage and attempts to act in a sensible and efficient manner to reduce risk.

Risk management encompasses not just those financial, operational, or strategic risks listed in the Notes to this Annual Report, but also non-financial aspects, such as comprehensive

player protection concepts or environmentally conscious use of resources. Risks presented by different categories and their control measures. In many cases, there are correlations and interdependencies between the risk topics, which can also overlap in terms of content, which is why the aim is to have a holistic and integrated risk management system.

Managers in the business areas and Group companies are responsible for the ongoing monitoring of risk situations and active management by means of measures and controls. The risk situation must be kept up to date, i.e., at least once a year the documented risks are scrutinized and revised with regard to their validity and assessment approach, or status of the measures. The central Risk Management team takes on a consulting and coordinating role while ensuring continued development of the risk management system. A web-based risk management system supports Management and careful and structured monitoring of corporate risks.

In 2017, ecological and social risks were recorded for the first time. These types of risks were identified by experts from all relevant departments on a Group level. They were then evaluated by CR officers in each subsidiary.

The risks are aggregated and summarized in an easy to digest form in a centrally managed environmental social governance risk matrix. The topics contained therein are also part of the company-wide risk management system (Enterprise Risk Management) and are therefore also mapped and monitored via the documentation system introduced for this purpose.

The following risks within the ESG risk matrix include only topics related to corporate social responsibility.



Significant Fields of Action	Effect on Interests and Stakeholders	Risks	Opportunities
Player protection & responsible marketing	Social concerns: <ul style="list-style-type: none"> <li>• Problematic player behavior</li> <li>• Abuse of products</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of license due to violation of player protection standards</li> </ul>	<ul style="list-style-type: none"> <li>• Securing and receiving new licenses based on excellent player protection standards</li> </ul>
Player protection & responsible marketing	Social concerns: <ul style="list-style-type: none"> <li>• Problematic player behavior</li> <li>• Abuse of products</li> </ul>	<ul style="list-style-type: none"> <li>• Lawsuits due to violation of player protection standards</li> </ul>	<ul style="list-style-type: none"> <li>• Avoiding lawsuits</li> </ul>
Player protection & responsible marketing	Social concerns: <ul style="list-style-type: none"> <li>• Problematic player behavior</li> <li>• Abuse of products</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of customers due to suspensions</li> </ul>	<ul style="list-style-type: none"> <li>• Winning and retaining customers long-term</li> </ul>
Corruption & Money Laundering Prevention	Fighting corruption and bribery: <ul style="list-style-type: none"> <li>• Corruption and breach of legal provisions</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of legal requirements, the Code of Conduct (CoC) or other Group requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with the law and Group guidelines</li> </ul>
Occupational Safety & Employee Health  Safety	Employee issues: <ul style="list-style-type: none"> <li>• Accidents at work</li> <li>• Negative health effects</li> </ul>	<ul style="list-style-type: none"> <li>• Work safety and health incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of employee health and safety</li> </ul>
Employee diversity & equality  Human rights	Employee issues: <ul style="list-style-type: none"> <li>• Discrimination and unequal treatment</li> <li>• Violation of human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Violation of employee rights</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of employee rights</li> </ul>
Occupational safety & employee health  Safety	Employee issues: <ul style="list-style-type: none"> <li>• Accidents at work</li> <li>• Security incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Fire damage</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of accidents and losses</li> </ul>
Energy consumption & emissions Resource consumption Waste prevention	Environmental concerns: <ul style="list-style-type: none"> <li>• Greenhouse gas emissions</li> <li>• Resource consumption</li> <li>• Waste</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution and large environmental footprint</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of operative costs</li> <li>• Reduction of environmental footprint</li> </ul>
Sponsoring activities & donations	Social concerns: <ul style="list-style-type: none"> <li>• Support for player protection research and treatments</li> <li>• Support for charitable initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Violations of sponsoring and donation guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Positive effect on research, treatment and support for player protection</li> <li>• Positive effect on charitable causes</li> </ul>

Effect on NOVOMATIC

Risk Reduction Measures / Taking Advantage of Opportunities

<ul style="list-style-type: none"> <li>• Market limitation / protection</li> <li>• Possible fines</li> <li>• Lawsuits brought forward by players</li> <li>• Worsening / improvement of ESG Ratings</li> <li>• Damage / improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, licensing, and responsible entertainment (RE) management</li> <li>• Group wide player protection policy</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certification (e.g. G4, TÜV)</li> </ul>
<ul style="list-style-type: none"> <li>• Market limitation / protection</li> <li>• Possible fines</li> <li>• Lawsuits brought forward by players</li> <li>• Worsening / improvement of ESG Ratings</li> <li>• Damage / improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, licensing, and responsible entertainment (RE) management</li> <li>• Group wide player protection policy</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• Employee sensitivity training and other training</li> <li>• External certification (e.g. G4, TÜV)</li> </ul>
<ul style="list-style-type: none"> <li>• Improvement / worsening of customer base</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, licensing, and responsible entertainment (RE) management</li> <li>• Group wide player protection policy</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• Employee sensitivity training and other training</li> <li>• External certification (e.g. G4, TÜV)</li> </ul>
<ul style="list-style-type: none"> <li>• Possible fines</li> <li>• Worsening / improvement of ESG Ratings</li> <li>• Damage / improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Management (e.g. training sessions, e-learning programs, workshops)</li> <li>• Group guidelines (e.g. anti-corruption, Code of Conduct, data protection)</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> </ul>
<ul style="list-style-type: none"> <li>• Lawsuits brought by employees</li> <li>• Legal consequences</li> <li>• Worsening / improvement of ESG Ratings</li> <li>• Damage / improvement to image</li> <li>• Production downtime / uninterrupted production</li> </ul>	<ul style="list-style-type: none"> <li>• Work safety and health management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certification (e.g. ISO 45001)</li> </ul>
<ul style="list-style-type: none"> <li>• Lawsuits brought by employees</li> <li>• Legal consequences</li> <li>• Worsening / improvement of ESG Ratings</li> <li>• Damage / improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources (HR), equal opportunities &amp; diversity management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certification (e.g. HR guidelines, UNGC principles)</li> </ul>
<ul style="list-style-type: none"> <li>• Legal consequences</li> <li>• Financial damages</li> <li>• Damage / improvement to image</li> <li>• Production downtime / uninterrupted production</li> </ul>	<ul style="list-style-type: none"> <li>• Quality, environmental, and occupational safety management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certifications (e.g. ISO 9001, ISO 14001, ISO 45001)</li> </ul>
<ul style="list-style-type: none"> <li>• Legal consequences</li> <li>• Worsening / improvement of ESG Ratings</li> <li>• Future costs for emissions</li> <li>• Damage / improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Quality, environmental, and occupational safety management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> <li>• External certifications (e.g. ISO 9001, ISO 14001, ISO 45001)</li> </ul>
<ul style="list-style-type: none"> <li>• Market limitation / protection</li> <li>• Possible fines</li> <li>• Lawsuits brought forward by players</li> <li>• Worsening / improvement of ESG Ratings</li> <li>• Damage / improvement to image</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance, donation, &amp; sponsoring management</li> <li>• Internal audits regarding compliance with the law, with licensing criteria and with internal guidelines</li> </ul>

Once measures for mitigating the risks in each area have been put into place, then these risks can turn into opportunities. For example, proactive player protection can help ensure better conditions for attaining licenses. A very low accident, illness, or energy consumption rate as compared to the rest of the industry improves cost efficiency and leads to better environmental, social, and governance ratings.

 GRI 103-2

### **Internal Audit**

The internal audit checks compliance with Group rules (e.g. Group guidelines, Code of Conduct, data protection, responsible gaming), as well as the internal control and risk management system.

The goal is to recognize deficits early on and provide suggestions for improvement. Individual audits are carried out based on audit plans approved by the Executive Board and the Supervisory board, and supplemented by special audits. The audit reports include recommendations and measures for improvement. Periodic follow-ups ensure that suggested improvements have been implemented.

The following sections describe Group management approaches for material issues.

## Corruption & Money Laundering Prevention

NOVOMATIC is dedicated to always acting fairly, honestly, and respectably in all business and social activities. The Anti-Corruption Group Guideline defines strict regulations that apply to all Group companies and employees. The goal of the guideline is to prevent corruption before it happens. That is why the Anti-Corruption Group Guideline contains specific conduct obligations and value limits for certain business

activities (for example offering or accepting gifts, invitations to events). For example, the allocation of donations in cash or in kind to political and non-political organizations is subject to very strict conditions in terms of transparency and documentation, or is prohibited. Not only that, exceeding certain value thresholds requires a recommendation from the Compliance Committee as well as approval from the NOVOMATIC AG Executive Board.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>CORRUPTION &amp; MONEY LAUNDERING PREVENTION</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Repeat Group-wide compliance assessment and trend analysis</li> <li>Finalize Group-wide roll out of the corruption prevention e-learning program</li> <li>4. Compliance Manager Day</li> </ul>	<p><b>Principles:</b> Prevent corruption and money laundering</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>A Group-wide compliance management assessment was carried out addressing the main compliance issues. Based on this, potential risks were identified and action plans for local risk reduction were specified.</li> <li>The e-learning course on corruption prevention was rolled out Group-wide and has currently been successfully completed by around 18,000 people.</li> <li>The online whistleblowing platform "NOVOTRUST" was designed in accordance with the requirements of the EU Whistleblowing Directive and made available throughout the Group.</li> <li>Risk-based preventive measures were implemented based on the results of Group-wide compliance reporting obligations.</li> <li>The 4th Group-wide Compliance Manager Day focusing on whistleblowing and know-your-customer due diligence was successfully held with the active participation of local compliance managers</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Additional, regular reporting obligations for donations and sponsorships</li> <li>Awareness-raising measures for compliance with the Group's Anti-Corruption Policy</li> <li>Roll-out and operation of the NOVOTRUST whistleblowing platform</li> <li>Training of local whistleblowing officers</li> <li>5th Group-wide Compliance Manager Day</li> </ul>

Compliance with Group policy requirements must be confirmed by half-year reports by the Group subsidiaries. Any situations that are criminal or require reporting must be reported as they are discovered to Group Legal Compliance. Based on the available reports, there were no court-confirmed incidents of corruption throughout the Group in 2021. Official inquiries are currently being conducted in Austria regarding allegations of corruption in connection with the Ibiza video that became public in May 2019 (see NOVOMATIC's statement on the following page).

The Anti-Corruption Group Policy applies to group companies majority-owned by NOVOMATIC AG and their supervisory boards, management boards, managing directors, persons holding commercial power of attorney, and employees.

In the past year, the members of the controlling bodies (Supervisory Board and Management Board of NOVOMATIC AG) were informed about the results of the Group-wide compliance reports and procedures as part of the regular compliance reports, and specific measures to improve the Group-wide compliance management system were agreed. Local implementation of the requirements is verified by Group Audit.

A dedicated anti-corruption e-learning course has been available since 2020 and is gradually being rolled out to employees and managers in the Group. Some 18,000 people have successfully undergone training here so far. The entire Supervisory Board had taken these training courses until March 2021.

The issue of anti-corruption is also an important segment in the Group-wide e-learning program, primarily aimed at management, which focuses on the NOVOMATIC AG Code of Conduct.

Newly hired employees receive basic training on relevant compliance issues.

Business partners are required to comply with the requirements of the Code of Conduct.

A risk-based CMS management model is used by Group Legal Compliance to identify potential local risk areas in the course of regular and Group-wide compliance management assessments and suitable measures to minimize risks called for by means of defined action plans.

As regards money laundering prevention, risk-based requirements are constantly being further specified, audit processes expanded, and Group-wide reporting obligations standardized.

Compliance with Group policy requirements was re-evaluated as part of the 2021 Compliance Management Assessment.

The Group Legal Compliance department provides Group-wide tools to ensure risk-based contractual partner review (B2B). Specially developed due diligence questionnaires help to ensure sufficient transparency regarding the identity and integrity of potential contract partners. Online screening tools rolled out across the Group help to ensure defined standards of compliance with statutory auditing obligations, in particular to take account of existing international sanctions regimes.

 GRI 205-2, -3

 SDG 16.5

#### **NOVOMATIC statement on the official inquiries in connection with allegations of corruption:**

In the aftermath of the Ibiza video, which became public in May 2019, anonymous complaints were filed, on the basis of which official inquiries were initiated in Austria to investigate allegations of corruption. NOVOMATIC is only affected by a part of these allegations, namely those in which the suspicion of possible undue influence on the federal government in connection with gaming regulations is being investigated. The company would like to make the following statement in this regard:

To the extent that NOVOMATIC is at all affected by the allegations made, they are and were expressly denied by NOVOMATIC and by all affected parties, publicly and immediately after the allegations were made.

NOVOMATIC has been and will continue to be transparent and cooperative in regard to the clarification of the situation together with the investigative authorities.

It is noted that gaming licenses or permits in Austria are only awarded through an international, transparent and public invitation to tender or search for interested parties under the law, with unsuccessful bidders being able to seek judicial, and thus independent, review thereof.

All permits acquired by NOVOMATIC in Austria have been obtained transparently and legally based solely on NOVOMATIC's many years of experience and extensive know-how.

NOVOMATIC holds that no donations have been made or offered to any political party in Austria. By the same token, there have been no interventions relating to foreign tax proceedings, meaning that the allegations made in this context are also incorrect.

## Data Protection

At a Group level, the company established the Data Protection Advisory Board, tasked with implementing the rules and obligations arising out of the General Data Protection Regulation (GDPR) and defining measures to improve the Group-wide data protection management system (DMS) on the basis of regular data protection reports.

This Advisory Board is made up of the NOVOMATIC AG Executive Board. In addition, it is responsible for setting key strategies for Group-wide compliance with requirements under the GDPR.

The Group also created a Data Protection Committee, which consists of the Chief Information Security Officer and the Head of Data Protection. This committee works on recommendations for mitigating risks that are designed to support local data protection managers within the NOVOMATIC AG Group.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<b>DATA PROTECTION</b>	<p><b>Principles:</b> Guarantee protection for personal data from customers, employees, and partners</p>	
<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Implement a voluntary data protection audit at NOVOMATIC AG (HQ)</li> <li>Evaluate Group-wide semi-annual report</li> <li>Stipulate data protection measures for Group-wide GDPR compliance</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>The data protection audit (HQ) was carried out in stages and all audit topics defined in 2021 were successfully completed.</li> <li>The Group-wide half-year reports were analyzed and risk-based measures (action plans) to minimize identified risks were defined for local implementation</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Design and roll out new data protection e-learning course across the Group (update)</li> <li>Include further topics and finalize the audit (HQ)</li> <li>Continuously evaluate Group-wide semi-annual report</li> <li>Derive preventive measures for GDPR compliance</li> </ul>

To ensure ongoing compliance with the GDPR requirements, local data protection officers are provided with various guides such as the Data Breach Notification Policy, process descriptions, and sample contracts. An e-learning program has been rolled out for Group-wide training for employees involved in data processing, and must be completed by new employees.

Last year, there were three timely personal data breach notifications across the Group. The locally competent data protection authorities either did not initiate any proceedings here or discontinued the proceedings without imposing any sanctions. In 2021, there were no regulatory complaints proceedings or legal action taken as regards the violation of customer personal data protection.

Since the company was founded, NOVOMATIC has had an information security management system (ISMS) certified in accordance with the international ISO standard ISO/IEC 27001. This standard describes in 114 points which requirements must be met in order to obtain official certification.

 ISO Standard ISO/IEC 27001:  
[www.iso.org/isoiec-27001-information-security.html](http://www.iso.org/isoiec-27001-information-security.html)

 GRI 418-1  
 SDG 16.3

## Safety

Current risks and threat situations – especially with regard to communication infrastructures, object security, personal protection, etc. – are increasingly presenting security management with new and more complex challenges against which

conventional defense strategies and countermeasures often no longer offer sufficient protection.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>SECURITY</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• SSC to place more focus on service, sustainability, added-value, and efficiency</li> <li>• Roll out Group-wide guideline for effective, efficient, 24/7 emergency and crisis management</li> <li>• Further develop unified, Group-wide frameworks and standards</li> <li>• Standardize reporting for security-related incidents</li> <li>• Evaluate COVID-19 crisis management</li> </ul>	<p><b>Principles:</b> Effective and efficient management of safety challenges</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Adapt and expand the Crisis &amp; Emergency Management guide (incl. the prepared processes, structured procedures, checklists, role definitions) to include the COVID-19 lessons learned</li> <li>• Develop a Group Security Handbook for standardized management of security risks in the company (incl. operational security recommendations)</li> <li>• Ongoing adaptation of reporting, assessment and feedback processes with regard to security and safety incidents</li> <li>• Carrying out a trial operation with the LÖWEN Group for practical testing of the timely transmission of standardized “security incident” reports.</li> <li>• Establish a central point of contact for security incidents in NAG.</li> <li>• Customize the Risk2Chance tool with regard to enterprise risk management and start further rollout, beginning in the European core markets.</li> <li>• Structured recording of compliance risks and their assessment with a particular focus on anti-money laundering.</li> <li>• Develop and pass rules of procedure for the institutionalized Security and Safety Committee.</li> <li>• Evaluate the knowledge gained and implementation results achieved to date as part of the SSC.</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Global rollout – starting in the CEE region – of the SSC concept (subject to evaluation results)</li> <li>• Implement the first International Security and Safety Symposium (subject to COVID-19 restrictions).</li> </ul>

The NOVOMATIC Security & Safety Committee (SSC) was founded to effectively and efficiently manage these challenges. The aim is for the committee to work with the relevant line officers to better bundle the existing expertise

within the Group and to structure and optimize the flow of information, as well as to develop and implement effective measures based on current needs.

The following Group-wide safety areas have been defined for this task:

- Risk management & insurance (new in 2021)
- Occupational health & safety management (new in 2020)
- Security management
- Legal compliance management (new in 2020)
- Information security management
- Emergency and crisis management

The core SSC tasks are largely focused on establishing an internal and external network of experts and developing Group-wide unified frameworks, standards, strategies, guidelines, processes, as well as the associated implementation, reporting and monitoring mechanisms for security and safety issues (plan, do, check, act).

Group companies in the following countries are under SSC management: Germany, Italy, Spain, the United Kingdom, Netherlands and CEE.

### Avoiding Abusive Product Consumption

The often imprecise media opinions regarding the division between legal and illegal gaming options present a particular challenge. They mean that the negative effects of illegal gaming are rarely compared objectively to the advantages and necessity of legal and regulated gaming services.

NOVOMATIC clearly and firmly distances itself from any and all illegal and unregulated gaming services. The company believes that gaming is a delicate service that requires clear le-

In 2021, the Security & Safety Committee was organizationally allocated to the new Group Risk Management & Internal Audit department established as part of the NAG transformation process. The newly established Global Operations unit serves as a central security contact.

The aim of this organizational interlinking is both to ensure even more efficient and effective use of resources and to focus on more practical, timely management of risks and sustainable optimization of processes.

Implementation of a praxis-based Emergency and Crisis Management based on the ISO 31000 and ONR 49002-3 standards, knowledge of risk management, and expertise from employees is intended, in particular, to ensure that the company will survive any emergency or crisis situation.

gal framework conditions. Therefore NOVOMATIC, as a responsible company, is playing a major role in the fight against illegal gaming, especially in the form of private enforcement. This refers to enforcement under private law of requirements based on the laws against unfair competition and the Markenschutzgesetz (Law on Protection of Trade Marks). The goal is to prevent unfair market practices and abusive use of NOVOMATIC products and services. These claims provide support for authorities in implementing current law; not only that, NOVOMATIC thereby makes a major contribution to protection of players and minors.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<b>AVOIDING ABUSIVE PRODUCT CONSUMPTION</b>	<b>Principles:</b> Contribute to avoiding abusive product consumption	
<b>Group:</b> • Continue working well with authorities	<b>Group:</b> • Worked together with authorities regarding requirements related to unfair competition and trademark violations	<b>Group:</b> • Continue working well with authorities

## Supplier Responsibility

NOVOMATIC as a Group has multiple regional and international suppliers for raw materials, goods, and services. Customers, government authorities and financial markets increasingly expect to see good ESG practices along company supply chains. The 2021 financial year is influenced by the effects of the COVID-19 pandemic in all core regions of the NOVOMATIC AG Group. Due to the pandemic situation, supplier management also faced additional challenges in 2021. However, there were no significant restructurings or defaults in the course of this in 2021. The medium and long-term effects of the COVID-19 pandemic cannot yet be assessed conclusively.

In order to minimize ESG risks in the supply chain, NOVOMATIC requires all business partners to commit to compliance with the law and, beyond that, to compliance with the NOVOMATIC Supplier Code of Conduct.

This covers all material environmental, social, and governance risks in the supply chain. All NOVOMATIC AG suppliers must obey this Code of Conduct. If a violation comes to light, NOVOMATIC reaches out to the supplier in order to ensure that the Code is implemented as quickly as possible. The ultimate consequence for violations is an end to the business relationship.

The Supplier Code of Conduct covers the following issues:

### Environment:

- Quality and environmental protection regulations
- Quality requirements
- Product safety
- Environmental protection
- Resource and climate protection
- REACH/RoHS conformity

### Social:

- Child labor
- Ban on discrimination
- Humane treatment
- Working conditions
- Occupational health and safety
- Free choice of employment
- Working hours and other benefits
- Freedom of association

### Governance:

- Compliance with laws and regulations
- Integrity in business dealings
- Avoidance of conflicts of interest
- Free competition
- Money laundering
- Protection of confidential information & intellectual property rights
- Responsible procurement of raw materials / avoidance of conflict resources
- Compliance with export restrictions

Business partners worldwide deliver supplies to NOVOMATIC's headquarters in Gumpoldskirchen. The most lucrative suppliers, together making up around 75% of the total purchasing volume at the site, were subjected at the beginning of 2021 to an ESG country, industry, and company risk analysis carried out by consulting firm PwC. Almost all suppliers were found to be at low risk. The elevated ESG risk at one supplier was minimized by having them acknowledge the new Supplier Code of Conduct and submitting ESG-relevant certifications. The overall low ESG risk is explained by the fact that the majority of suppliers are subject to European law, which requires that minimum standards are met in the areas of environmental protection, employment law, and safety.

Last year, almost 90% of the suppliers of the producing NOVOMATIC companies were audited according to environmental criteria (e.g. environmental standard ISO 14001) and social criteria (e.g. occupational health and safety standard OHSAS 18001). The level of certification at all companies with significant suppliers was recorded and weighted for the total Group value according to the proportion of FTE.

 GRI 308-1, 414-1, 102-9

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>SUPPLIER RESPONSIBILITY</b></p> <hr/> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Governance, environmental, and social criteria as an integral part of a new Supplier Code of Conduct</li> </ul>	<p><b>Principles:</b> Prevent ecological and social misconduct by suppliers</p> <hr/> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Published new Supplier Code of Conduct</li> <li>Subsidiaries expanded recorded supplier certification lists in regard to environmental and social issues.</li> </ul>	<hr/> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Stipulation that all subsidiaries take ecological and social aspects into account when purchasing materials and services</li> </ul>

## Human rights

NOVOMATIC and its subsidiaries are committed to complying with all legal regulations. The company therefore supports compliance with international norms for the protection of human rights within its scope of business. Employees must comply with the Group-wide Code of Conduct, which references human rights' issues.

### United Nations Global Compact Principles

 [www.unglobalcompact.org/what-is-gc/mission/principles](http://www.unglobalcompact.org/what-is-gc/mission/principles)

NOVOMATIC is a member of the world-wide company platform United Nations Global Compact (UNGC), and supports its ten principles. Principles 1 and 2, regarding implementation of international human rights standards and avoiding violating human rights, are particularly relevant.

### OECD Guidelines for Multinational Companies

 [www.oecd.org/corporate/mne/](http://www.oecd.org/corporate/mne/)

In accordance with OECD guidelines for multinational companies, NOVOMATIC supports:

- Compliance with the United Nations Charter of Human Rights.
- Implementation of international human rights without contradicting applicable national laws.
- Implementation of work and social standards set out by the International Labor Organization (ILO)
- Reduction of any negative effects on human rights as much as possible within the company's activities, and campaigning for improvements

- Addressing misconduct in the area of human rights within its business relationships, and using its influence to improve the situation
- Clear commitment to maintaining human rights from the Managing Directors
- Human rights due diligence by including human rights in the materiality process and risk management assessments
- Implementation of due diligence, by having the Internal Audit department check (e.g. via whistleblowing hotlines) for any potential violations of local laws, international norms, or internal regulations.

All subsidiaries have to report that they have implemented Group-wide guidelines on compliance with human rights and that they are aware of the Equal Opportunities and Compliance hotlines.

The whistleblowing e-mail (newly established whistleblowing platform since December 2021) provides an instrument for all employees and business partners to help uncover any human rights violations, and to react appropriately as required. All stakeholders also have the option of contacting the company using the publicly available contact details published in this report for the CR & ESG department.

An additional tool for ensuring that human rights are upheld, particularly with regard to equality, is the Equal Opportunities point of contact. The point of contact serves to implement the Group guidelines on equal opportunities introduced in 2017. A hotline that can be reached by all employees is available to report any violation of human rights in regard to equality.

 GRI 412-1  
 SDG 8.5, 16.3

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<b>HUMAN RIGHTS</b>	<b>Principles:</b> Ensure business activities comply with human rights	
<b>Group:</b> <ul style="list-style-type: none"> <li>• Implementation of human rights in Group policies, training, etc.</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Implemented United Nations Global Compact (UNGC) Principles</li> <li>• Whistleblowing platform launched in December 2021</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>• Continue to implement human rights in Group policies, training, etc.</li> <li>• Random checks in the subsidiaries</li> </ul>

## Fair Competition & Public Affairs

The NOVOMATIC AG Group Code of Conduct clearly states the company's commitment to fair competition.

NOVOMATIC stands for not entering into any agreements with competitors that could lead to distortion of competition, division of markets or price fixing.

No legal procedures were instituted last year due to anti-competitive conduct.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<b>FAIR COMPETITION &amp; PUBLIC AFFAIRS</b>	<b>Principles:</b> Clear commitment to fair competition Promote regulated and legal gaming	
<b>Group:</b> <ul style="list-style-type: none"> <li>Maintain measures designed to promote fair competition and transparency</li> <li>Create and roll out a Group-wide e-learning program on complying with anti-trust and competition laws</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>Group-wide E-learning program on legally compliant behavior in antitrust and competition law for the persons concerned was designed and rolled out in the Group</li> </ul>	<b>Group:</b> <ul style="list-style-type: none"> <li>Finalize Group-wide roll out of the corruption prevention e-learning program</li> <li>Awareness-raising measures to maintain fair competition and transparency</li> </ul>

NOVOMATIC pledges conscientious and transparent dealing with all national authorities, and has even created a binding Code of Conduct for NOVOMATIC AG Public Affairs activities, which can be accessed on the company's website. Active participation, such as the provision of expertise as part of legal decision-making processes, is carried out solely in compliance with all legal requirements.

[www.novomatic.com/verhaltenskodex-fuer-public-affairs-taetigkeiten-der-novomatic-ag-gemaess-ss-7-lobbyg](http://www.novomatic.com/verhaltenskodex-fuer-public-affairs-taetigkeiten-der-novomatic-ag-gemaess-ss-7-lobbyg)

This particularly applies to commitments to transparency. The persons responsible for public affairs on behalf of the company are, for example, registered with the Austrian Public Affairs and Interest Group Register.

When providing information to stakeholders, the company engages in a fact-based dialog. This particularly applies to the sensitive issue of player protection and gaming addiction prevention. This fact-based discussion, which relies on scientific knowledge, is the foundation for continued effective development and implementation of player protection measures.

 GRI 206-1



# ENJOY WORKING WITH US

This section provides a summary of the most important results and measures described in this chapter.

## TAKING ON RESPONSIBILITY

- "NOVOMATIC supports employee development and offers training and continued education opportunities."
- "NOVOMATIC considers its employees an important source of innovation to be encouraged."
- "NOVOMATIC values the diversity of its staff and stakeholders and treats all of them equally."
- "NOVOMATIC creates safe and healthy working conditions in order to avoid accidents and illness."

### Employees



**21,173**

on day of reporting December 31, 2021

**18%**

Staff turnover rate  
(employee resignations)

### Accident Rate LTIFR



**4.2**

### Percentage of women



**55%**

total

**39%**

In management positions

### IP trademark rights



**~4,200**

### Training and Further Education



**~27,500**

Days total

### Awards for Employers



**6**

# ENJOY WORKING WITH US

Our employees are the foundation of the NOVOMATIC Group's long-term success. Only healthy, motivated employees working under safe conditions create innovation and ensure customer satisfaction.

The figures and graphics presented in this chapter apply, unless otherwise indicated, to all NOVOMATIC AG companies.

## Summary of Major Indicators

	2017	2018	2019	2020	2021	Goal
Proportion of women <sup>1*</sup>	49%	54%	56%	56%	55%	Maintain balance
Of which NOVOMATIC AG**	33%	32%	31%	31%	31%	
Women in leadership positions <sup>2</sup>	34%	44%	40%	39%	39%	Maintain diversity
Of which NOVOMATIC AG	12%	13%	17%	19%	11%	
Turnover rate (employee resignations) <sup>3</sup>	12%	18%	17%	12%	18%	Stabilisation at pre-pandemic level
Of which NOVOMATIC AG	2%	4%	4%	4%	7%	
Sick leave rate <sup>4</sup>	65%	54%	57%	51%	51%	Keep stable
Of which NOVOMATIC AG	68%	73%	71%	57%	64%	
Accident rate <sup>5</sup>	5.2	4.6	4.2	3.8	4.2	Reduction
Of which NOVOMATIC AG	6.0	4.6	2.5	2.7	2.7	
Training and further education hours per employee <sup>6</sup>	10.5	12.4	10.7	6.8	10.4	Increase to pre-pandemic level
Of which NOVOMATIC AG	9.9	16.5	19.3	6.5	10.3	

All figures apply to the reporting period 1.1. to 31.12. or as of the reporting date 31.12.

\* Total values represent the sum of directly recorded data and the extrapolation for companies not directly recorded according to the NOVOMATIC AG consolidated group.

\*\* NOVOMATIC AG only presents the directly recorded data for the Austrian company without subsidiaries.

1 The share of women in total is the share of female employees in relation to total employees.

2 Management positions are those positions with employee management responsibilities.

3 Employee resignations are that proportion of employees who submitted the resignation themselves.

4 The sick leave rate is that proportion of employees who were on sick leave for at least one day. In 2019, the health rate was changed to the sick leave rate for better comparability.

5 Accident frequency is the Lost Time Injury Frequency Rate (LTIFR), i.e. the number of reportable accidents per million hours worked. This is an internationally defined relative value which, for better comparability, represents the number of accidents to the reference value of one million working hours. In 2019, the numbers were specified to number of accidents needing to be reported where the person needed more than three days off work, and not including accidents on the way to or from work. In 2020, the total number of accidents per calendar year was more accurately depicted, resulting in minor changes in accident frequency, total accidents, and number of hours worked per year.

6 Education and training hours per employee indicate the total number of hours received on average by an employee.

Changes to the data from the previous year are explained in this chapter in the relevant paragraphs.

Our employees are the company's most valuable capital.

It is thanks to their skills and commitment that NOVOMATIC has been enjoying success for more than 40 years. As one of the world's leading gaming technology operators, talented people who work with us to innovate for the future are always welcome. Employees profit from a creative working environment, exciting tasks, and the potential to apply and further develop their knowledge and skills.

The NOVOMATIC AG Group has roughly 20,585 employees in the scope of consolidation. Of these employees, approximately 3,000 are employed in the Austrian home market including the Greentube Group, and around 1,000 of those at the company's headquarters in Gumpoldskirchen. Almost half of those work in the manufacturing or research and development segments.

Employees are offered the best possible framework conditions for a healthy, secure, and motivating work environment. This includes offers and activities related to education and training, health, occupational safety, work-life balance, equal opportunities, and diversity. Regardless of their type of employment, all employees have access to the same company offers and social services.

 Further information on NOVOMATIC as an employer in Austria: [www.novomatic.com/karriere](http://www.novomatic.com/karriere).

All employee-related activities are planned and implemented by the Human Resources (HR) managers at the headquarters and subsidiaries of the NOVOMATIC AG Group.

To ensure coordination across the Group, as well as information offerings, the Group HR department is always in contact with Group subsidiaries.

The NOVOMATIC Human Resource Circle meets once a year; all HR officers from the subsidiaries attend.

In 2021, the HR Circle was held twice virtually due to COVID. Under the motto "New work – New normal" in June and "The colorful world of HR" in November, new HR guidelines and requirements for the NOVOMATIC AG Group were explained, focus topics discussed and new HR projects presented. The successful virtual format will be maintained in addition to a planned physical meeting in 2022.

As an international group with locations in around 90 countries, NOVOMATIC is also at home in Ukraine. However, many employees have lost their homes as a result of the war in Ukraine. We therefore see it as our duty to help the colleagues affected and their families. NOVOMATIC has therefore taken immediate measures to provide them with the best possible support during this difficult time. In addition to concrete financial support, Ukrainian employees in Austria and surrounding countries were also taken in. They are now being integrated and supported in the best possible way. In addition, NOVOMATIC has initiated an internal donation programme for Ukraine, in which every donation made by employees to a charitable organisation with NOVOMATIC's seal of approval is doubled.

NOVOMATIC is proud to be an attractive employer. This is underlined by the following awards and certificates.

 GRI 102-8

Awards: a Summary

Awards granted to NOVOMATIC AG	Description	Recognized in year	
	<p>Best Recruiters Silver Seal of Quality <a href="http://www.bestrecruiters.at">www.bestrecruiters.at</a></p>	<p>NOVOMATIC offers innovative approaches and methods for recruiting and in 2021/2022 the company once again received the silver BEST RECRUITERS seal of quality for the electronics/electronics manufacturing industry.</p>	<p>Bronze 2017 Gold 2018 Silver 2019/2020 Silver 2020/2021 Silver 2021/2022</p>
	<p>kununu Received TOP Company &amp; OPEN Company Awards <a href="http://www.kununu.com/at/novomatic">www.kununu.com/at/novomatic</a></p>	<p>From 2017 onwards, NOVOMATIC has applied to kununu, the largest employer evaluation platform within the German speaking world, for a rating. The criteria for the TOP Company and OPEN Company awards are evaluated on a continual basis, and the awards have remained valid.</p>	<p>since 2017</p>
	<p>Leading Companies Austria Recognized as a leading company <a href="http://www.leitbetriebe.at">www.leitbetriebe.at</a></p>	<p>NOVOMATIC received a “Leading Companies Austria” award, meaning it is again one of the most exemplary companies in the country. The designation Leading Company is awarded after a comprehensive evaluation process to determine those companies that stand out due to their excellent performance.</p> <p>As of 2018, ADMIRAL Casino &amp; Entertainment AG and ADMIRAL Sportwetten GmbH are also part of the so called excellence platform and therefore model companies in the Austrian economy.</p>	<p>2021</p>
	<p>berufundfamilie (career and family) Audit Full certificate berufundfamilie (career and family) Audit <a href="http://www.familieundberuf.at">www.familieundberuf.at</a></p>	<p>After receiving the basic certificate in 2015, NOVOMATIC received the full berufundfamilie (career and family) Audit by the Austrian Federal Ministry for Women, Families, and Youth. The certificate is still valid.</p>	<p>Basic certificate 2015  Full certificate 2018  Renewed full certification in 2021 incl. the additional certificate “Mobile Working”</p>
	<p>Corporate health management network (BGF) Seal of Quality in Corporate Health Promotion <a href="http://www.netzwerk-bgf.at">www.netzwerk-bgf.at</a></p>	<p>In 2017, together with the Austrian subsidiaries, NOVOMATIC received the Seal of Quality in Corporate Health Promotion awarded by the Austrian Network. This seal is awarded to those companies that fulfill specific quality criteria when it comes to promoting health, and is valid for three years. The company received the seal of quality once more in 2019; it is valid until 2022.</p>	<p>Certification 2017  Recertification 2019</p>
	<p>Austria Brand Value Study <a href="http://www.europeanbrandinstitute.com">www.europeanbrandinstitute.com</a></p>	<p>NOVOMATIC had a strong performance again, reaching second place in the ranking of Austria’s most valuable brands.</p>	<p>2021</p>

The following sections describe the management approach and some highlights of the HR Department’s activities over the last year. These are just a few examples of the numerous measures taken across the entire NOVOMATIC AG Group.

### Training and Further Education

NOVOMATIC employee qualifications are a significant element when it comes to securing sustainable success for the company.

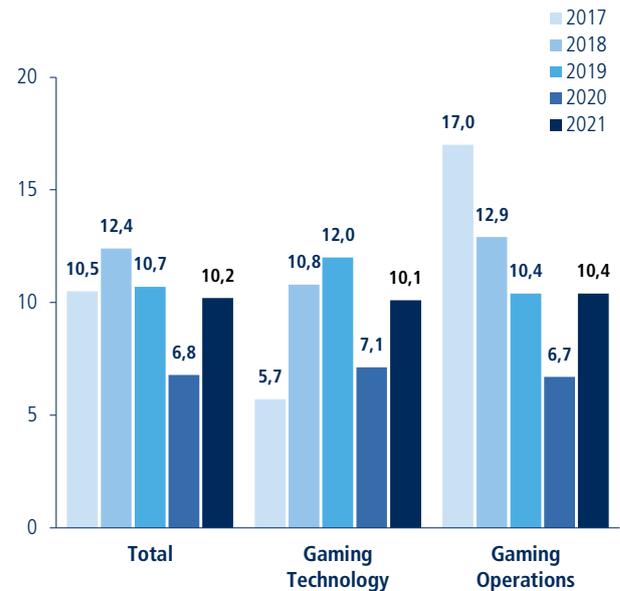
As such, maintaining and further expanding employee’s existing high levels of competence is a central personnel management strategy issue.

The Learning and Development Team handles training needs, training requirements, training offers, and individual development goals across all departments and business segments.

NOVOMATIC began some time ago to consistently align operating processes as well as its products and services with the requirements and opportunities of the digital world. This has proven effective in times of pandemic. Digital technologies also became the new standard in education and training within a short period of time, and learning offerings were widely converted to digital formats and, where appropriate, a blended learning concept (combination of face-to-face instruction and e-learning) was implemented.

The focus of training and development measures will continue to be on the acquisition of new skills in the area of digitalization and on customized management development programs.

TRAINING AND FURTHER EDUCATION HOURS PER EMPLOYEE 2017 – 2021



This is the average number of training hours per employee. Further education and training measures had to be reduced due to the COVID-19 pandemic. The focus in 2021 was on the transformation towards COVID-19 compliant training, e.g., online training.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>TRAINING AND FURTHER EDUCATION</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Competence development regarding system conversion to SAP</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Competence development regarding system conversion to SAP</li> </ul>	<p><b>Principles:</b> Well trained employees</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Talent recruitment at job and career fairs, conferences, and festivals – in 2021 many of these events were online</li> <li>Designed own learning formats concerning cyber security</li> <li>Continued the NOVO-Talent program</li> <li>Implemented specialist management development training with a focus on digital leadership</li> <li>E-learning on a variety of topics (e.g., antitrust, corruption, social media, etc.)</li> <li>International Human Resources Circle held twice online with the HR managers of the NOVOMATIC subsidiaries</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Implement a customized leadership development program NOVO Manager</li> <li>Implement a further round of the International Casino Management Program (ICMP)</li> <li>Further expand learning formats concerning awareness raising and prevention of cyber crime</li> </ul>

## Occupational Safety & Employee Health

The success of a company depends on the people who work for it. The basis for this is a healthy and safe workplace. It is for this reason that NOVOMATIC also takes action that goes beyond what is required by law.

An essential part of the NOVOMATIC Security & Safety Committee (SSC) is the occupational safety department, in which the existing Group-wide safety know-how is bundled and the flow of information is structured and optimized.

The international ISO 45001 occupational health and safety standard is implemented in the Group subsidiaries to various degrees. This standard and supplementary certifications are to be implemented by subsidiaries, especially at the production sites. Occupational health and safety hazards and risks are carried out by local health and safety experts and responded to with appropriate concepts.

In 2020, a Group-wide survey was conducted for the first time, which revealed that the majority of occupational accidents involve only short-term hindrances. Typical injuries in-

clude finger, hand, arm or leg bruises and wounds, head injuries or sprains. Methods for improving occupational health and safety include training in the safe use of tools, fire safety information, checking that production machinery is in working order, first aid courses, using less harmful substances in production, improving the "near miss" reporting system, improving health and safety procedures and processes, awareness-raising information, regular walk-throughs, and health and safety meetings.

The company grants all non-salaried employees the same scope and access to non-occupational health benefits and services as is granted to salaried employees.

As required by the local situation, employee training, employee participation, consultation and communication of measures to prevent accidents and protect health are carried out by local health and safety experts.

Novohealth@novomatic.com is available for all employees when it comes to communicating on health and safety matters.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>HEALTH &amp; SAFETY</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Safety performance benchmarking for Group companies</li> <li>Exchanged good practice policy between Group companies</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Certification in accordance with the standard ISO 45001</li> <li>3. NOVOCCompany Day</li> <li>3. ADMIRALfit Day</li> </ul>	<p><b>Principles:</b></p> <p>The top priority is avoiding accidents and illness and keeping customers and employees safe.</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Group-wide internal benchmarking on safety performance</li> <li>Exchanged good practice policy between Group companies</li> </ul> <p>Specific measures introduced due to COVID-19:</p> <ul style="list-style-type: none"> <li>Extensive COVID-19 protection measures for employees and customers in the Group and in specific countries (see infobox and country-specific measures)</li> <li>Participated in virtual running events</li> <li>Switched to online support from occupational therapists</li> <li>Continued the NOVOHelp hotline, focused particularly on questions and issues surrounding the COVID-19 crisis</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Safety performance benchmarking for Group companies</li> <li>Exchanged good practice policy between Group companies</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Hold 3rd NOVOCCompany Day (was canceled due to the coronavirus)</li> <li>Hold 3rd ADMIRALfit Day (was canceled due to the coronavirus)</li> <li>Further optimize prevention processes in accordance with ISO 45001:2018</li> <li>Recertification BGF seal of approval</li> <li>COVID-19 booster</li> </ul>

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Newsletter with safety tips</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• 2. Wellbeing Week</li> </ul>	<p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>• Continued the NOVOHelp Employee Assistance Program</li> <li>• First aid courses for employees on location</li> <li>• Certification in accordance with the ISO 45001:2018 standard</li> <li>• Updated hazardous materials database</li> <li>• Measures to further reduce accident rate</li> <li>• Ergonomics information and videos for employees</li> <li>• COVID-19 newsletter for employees</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• Weekly corona rapid tests by medical professionals</li> <li>• Extensive range of services offered by company physicians (including talks with coronavirus risk groups, consultations) and the company health management team</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Initial certification in accordance with the ISO 45001:2018 standard</li> <li>• Switched to / continued SA 8000 certification at individual companies</li> <li>• ISO26001 certification for Allstar S.r.l.</li> <li>• Updated risk assessment documentation</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Introduced a program for assessing the risk of Legionella in the water</li> <li>• Completed (six managers) the Institution of Occupational Safety and Health (IOSH) Managing Safely Certificate</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• Expanded support options for managing stress and building resilience for employees</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Regular "Occupational health and safety" training courses</li> </ul> <p><b>Serbia &amp; North Macedonia:</b></p> <ul style="list-style-type: none"> <li>• Continued specialized health and safety training</li> <li>• Special COVID 19 protection measures introduced</li> </ul> <p><b>Hungary:</b></p> <ul style="list-style-type: none"> <li>• Comprehensive range of mobile health check-ups offered for employees</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• Extensive COVID-19 disinfection measures</li> <li>• Employee first aid training</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate mental stress and employee survey</li> <li>• Company-Day small-scale project</li> <li>• First aid courses for employees on location</li> <li>• Blood donation campaigns</li> <li>• Vaccination campaigns</li> <li>• Health checks on site</li> <li>• On-site health services (e.g. running shoe analysis, ergonomics workshops, nutrition workshops, hearing test, eye test)</li> <li>• Running events</li> <li>• Small corporate volunteering projects (e.g. Ö3- Wundertüte, Weihnachten im Schuhkarton / Christkindlbrief)</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>• Expand the JobRad offering</li> <li>• Consolidate work safety management</li> <li>• Expand occupational health management</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>• Expand ISO 45001 certification to additional companies</li> <li>• New employee health and safety newsletter</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>• Implement measures based on the Legionella risk analysis</li> <li>• Stress Management &amp; Mental Health training program</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>• New cooperation with health and safety experts</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Continued health promotion activities</li> <li>• First aid courses for employees</li> </ul>

**GOALS 2021****HIGHLIGHTS 2021****SCHEDULED 2022****Australia:**

- Studies on health in the workplace
- E-learning courses with lots of safety content

**Latvia:**

- COVID-19 vaccinations offered
- Annual health checks

**South Africa:**

- Safety, Health, Environment and Quality (SHEQ) Management Training

**Online:**

- Greentube Running Challenge to keep employees healthy and connected to one another
- Implement measures based on the employee satisfaction survey

**Serbia & North Macedonia:**

- Continued specialized health and safety training
- Continued special protective measures for the protection of employees

**Hungary:**

- Expand mobile health check-up offer

**USA:**

- Continued employee first aid training
- Health and safety seminars for employees

**Australia:**

- Current offer of external health services for employees expanded

**Latvia:**

- COVID-19 vaccinations offered
- Annual health checks

**South Africa:**

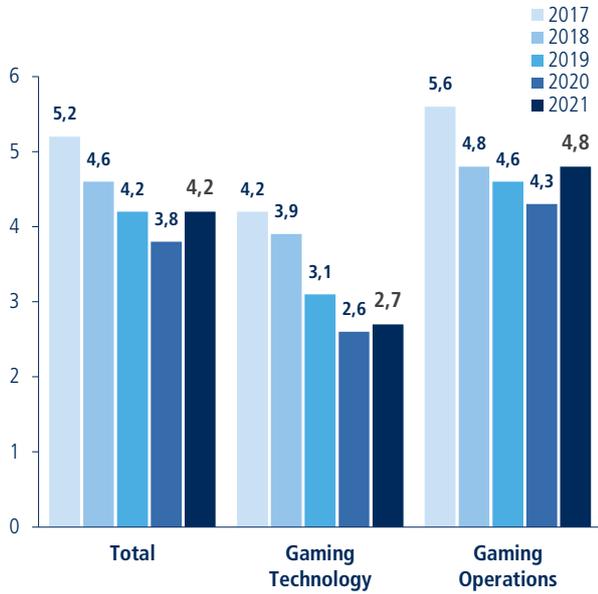
- Safety, Health, Environment and Quality (SHEQ) Management Training continued
- Safety, Health, Environment and Quality (SHEQ) quarterly meetings

**Online:**

- Extensive employee health program continued and expanded

**Occupational Safety**

**ACCIDENT RATE 2017 – 2021**



The accident rate is the Lost Time Injury Frequency Rate (LTIFR), that is the number of accidents requiring notification per million work hours. To do this, the occupational accidents reportable in each case according to local law from three days of lost time were recorded in relation to the hours worked in the same period per million hours worked.

The chart represents data that is directly available. As these numbers represent a ratio, extrapolation for the companies not directly recorded in the scope of consolidation is not necessary.

The increase in 2021 is due to a partial increase in possible business activities compared to previous years and is currently at the pre-pandemic level overall. With an expanded focus on employee safety, the overall accident rate could be further reduced. There were no fatalities last year.

GRI 403-1, -2, -3, -4, -5, 6, -7, -8, -9

SDG 8.8

**Employee Health**

The key to a competitive and successful company is healthy employees who perform at 100%. Time off work caused by accidents or illness leads to both direct and indirect costs for the company. This is why one of NOVOMATIC’s goals is to protect and support employee health as much as possible.

Across the Group, a large number of health measures are managed in the subsidiaries under the NOVOHealth initiative. As a result of an exchange of good practice at the Group level, improvements in health measures are emerging that in many places go beyond legal requirements.



## Comprehensive Protective Measures Against COVID-19

NOVOMATIC – like the entire economy – was also severely affected by the coronavirus pandemic in the 2021 fiscal year. A variety of measures ensured that employees and customers were protected as best as possible against a COVID-19 infection.

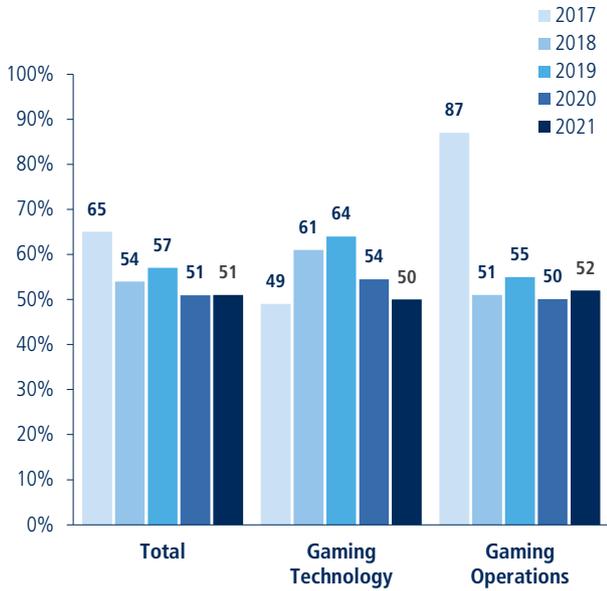
### Group-wide:

- Creation of a Group Coronavirus Crisis Unit with members from all relevant Group departments, reporting directly to the Executive Board
- Information provided to and communication with subsidiaries regarding COVID-19 preventative measures, organization of crisis units, securing business continuity, etc.
- Strategic purchasing of personal protective equipment for the Group (e.g. masks, disinfectant, gloves)

### Austria:

- Creation of an interdisciplinary team for implementing coronavirus protective measures, providing information to employees, etc.
- Implementation of a dedicated team for contact tracing and testing of suspected COVID-19 cases
- Comprehensive information provided to management and employees by Group Human Resources and NOVOHealth
- Weekly COVID-19 news sent to all employees, as well as communication regarding coronavirus protective measures, rules of conduct, and other information using multiple communication channels
- Handing out of personal protective equipment to employees and customers (e.g., masks)
- Setting up of disinfectant dispensers, thermometers, and multiple signs explaining what to do
- Expansion of teleworking and provision of the necessary technical equipment
- Reduced hours work on a case-by-case basis to safeguard jobs
- COVID-19-specific questions were answered by means of a dedicated e-mail hotline for employees
- Installation of plexiglass screens for work areas and customer areas
- Employee leave for those deemed to be in a coronavirus risk group.
- Ongoing situational adaptation of hygiene and COVID-19 protection measures for employees and customers
- COVID-19 first and second vaccinations on site
- Free antigen and PCR testing services on site
- Discounted antibody testing on site
- Regular information through newsletters, mails and posters on the currently applicable measures
- Setting up of temperature and mask control terminals
- Free issue of FFP2 masks and face masks
- Provision of disinfectants and other protective and hygiene articles (e.g., disinfectant wipes, gloves)
- Departmental training on COVID-19 measures
- Holding of regular Executive Board calls
- Implementation of a COVID-19 prevention concept
- Appointment of COVID-19 prevention officers
- Introduction of rules of conduct with regard to external visitors, suppliers and forwarders
- Introduction of rules of conduct at training sessions and meetings

SICK LEAVE RATE 2017 – 2021



The sick leave rate is the percentage of employees that took at least one sick day. The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.

A variety of preventative measures were used to keep the sick leave rate under 60%, despite the COVID-19 pandemic. In individual countries, there has been a significant decline in sick leave rates due to country-specific factors.

GRI 403-6

SDG 3.9

Employee Diversity & Equality

Embracing diversity, integration, and equal opportunities is a basic principle of the NOVOMATIC corporate culture. Doing so also provides a decisive competitive edge for sustainable corporate success. For years, the Code of Conduct, valid for the entire Group, has stated that any type of discrimination within the company or towards third parties (e.g. customers, suppliers) has no place at NOVOMATIC.

NOVOMATIC acknowledges that it is responsible for creating fair working conditions, for example when hiring and selecting personnel, during career development, as part of the compatibility of family and career, and as part of generation management.

GOALS 2021

EMPLOYEE DIVERSITY & EQUALITY

Group:

- Continuation of the employee loyalty programs “NOVO Silver Family” and “NOVO Moms & Dads”
- Year-round child care on offer
- Show diversity in photo subjects
- Further roll out of blended learning program on discrimination and bullying
- New questionnaire for apprentices via Great Place to Work

HIGHLIGHTS 2021

Principles:

Promoting diversity and equality for all groups, regardless of ethnicity, religion, gender, sexual orientation, etc.

Group:

- Diversity and equal opportunities as main topics at the NOVOWelcome Days for all employees

Austria:

- Continuation of NOVOSilverFamily and NOVOMoms & Dads (NOVOMoms & Dads took place virtually due to the coronavirus, NOVOSilverFamily took place to a limited extent)
- Introduction of a welcome website for new employees as part of a successful onboarding process
- Introduction of a teleworking policy to further promote flexible working (where appropriate and possible)

SCHEDULED 2022

Group:

- Further roll out of blended learning program on discrimination and bullying (e-learning)

Austria:

- Continuation of the employee connection programs “NOVOSilver Family and “NOVO-Moms & Dads”
- Year-round child care on offer

Company commitment to supporting equal opportunities and fairness at work has been formalized in the Group Equal Opportunities Guideline. The goal of the guideline is to ensure that no-one is disadvantaged due to their sex, age, ethnicity, nationality, physical and mental abilities, or sexual orientation.

During the onboarding process and the virtual NOVO Welcome Day videos, the Group's equal opportunity policy is a fixed part of the agenda, along with many other topics. In 2020, the NOVO Welcome Day went digital and the presentations were recorded on video so that new employees could take part even during the coronavirus pandemic. A landing page has been established for new employees to access documents needed prior to their first day of work.

A team headed by the Director Group HR ensures the implementation of the Group's "Equal Opportunities" policy.

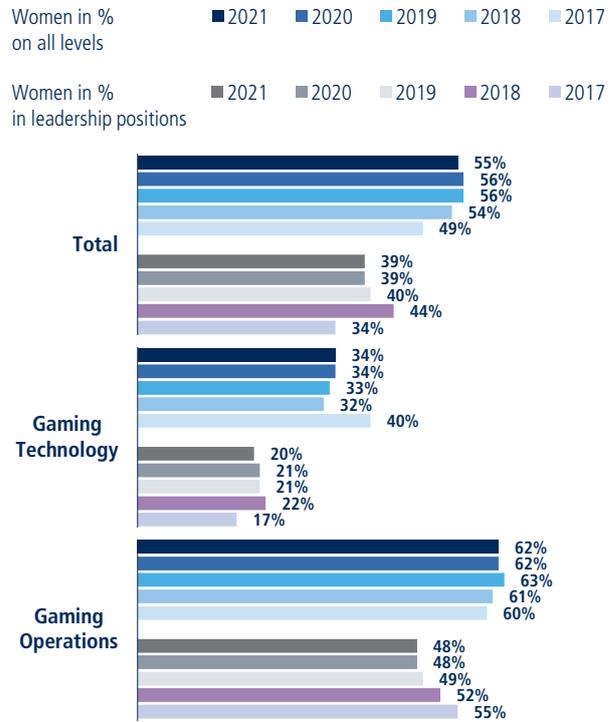
In the event that employees experience discrimination, or notice that a co-worker is subjected to discrimination, they are able to report the incident via the digital whistleblowing platform NOVOTRUST safely and anonymously. Independently of this, any violations of laws, the Code of Conduct or human rights in general can also be reported via NOVOTRUST.

 Equal Opportunities e-mail: [equalopportunities@novomatic.com](mailto:equalopportunities@novomatic.com)

 Whistleblowing e-mail hotline: [compliance@novomatic.com](mailto:compliance@novomatic.com)

Numerous company subsidiaries offer transition phases between full-time employment and retirement. In most cases, this is done by gradually reducing the number of working hours.

PROPORTION OF WOMEN 2017 – 2021



Management positions are those positions including employee management tasks. The chart represents data that is directly available. In the event that data is not available, it represents extrapolation of all consolidated companies in accordance with the scope of consolidation.

 GRI 405-1  
 SDG 5.1, 8.5

**Innovation**

In addition to its high-quality products and services, a great deal of NOVOMATIC’s success is based on employee innovation. As a top international gaming technology company, it is crucial that NOVOMATIC not only recognize trends early on, but also trigger and drive new trends. Operational processes, products, and services are consistently adjusted to ensure they are digital-ready and able to take advantage of opportunities offered by digitalization.

The large majority of company innovation is produced within the research and development department. NOVOMATIC runs 30 research & development competence centers in 15 countries. Approximately 4,200 intellectual property rights prove that the company is extremely innovative. In addition, NOVOMATIC is committed to partnerships in the areas of technology and innovation.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>INNOVATION</b></p> <hr/> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Support for innovation in further education and training</li> <li>• Support innovative employee projects (e.g. blockchain project)</li> <li>• Further expand cooperation with the international “Talent Cloud” knowledge network</li> </ul>	<p><b>Principles:</b> Maintaining highest quality innovation skills</p> <hr/> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Support for innovation in training and further education</li> <li>• Continued digitalization project Enterprise 4.0 with a new framework and a new name – DCN Digital Champions Network</li> <li>• Expand cooperation with the international “Talent Cloud” knowledge network</li> </ul> <p>Specific measures introduced due to COVID-19:</p> <ul style="list-style-type: none"> <li>• Developed the NOVOMATIC Biometric Systems™ Body Temperature Terminal (measures temperature, checks customer is wearing a mask)</li> <li>• Automatically suspended neighboring gaming terminals in order to guarantee social distancing, games could start only once the device had been disinfected</li> <li>• Produced face shields using 3D printing, injection molding, and laser cutting using plastics manufacture and mechatronics</li> </ul>	<hr/> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>• Support innovation in training and further education</li> <li>• Participation in research group Digital Champions Network (DCN)</li> <li>• Cooperation with the international knowledge network “Talent Cloud”</li> <li>• Further develop digital skills on the basis of the EU competence model</li> </ul>



# GOING GREEN

This section provides a summary of the most important results and measures described in this chapter.

## TAKING ON RESPONSIBILITY

- “We minimize our environmental footprint through efficient handling of energy and resources, as well as by reducing the waste and emissions that we produce.”
- “We strive to make positive contributions to environmental protection using both production and operational measures.”

### Total energy consumption



**295,345**  
MWh

### Water consumption



**506,618**  
m<sup>3</sup>

### CO<sub>2</sub>e emissions



**125,740**  
tons

### Waste



**2,971**  
tons

# GOING GREEN

The way in which a company handles energy, CO<sub>2</sub> emissions, waste and water consumption has a major impact on the environment. The primary goal is to keep the consumption of resources in production operations and the running of gaming facilities as low as possible.

The figures and graphics presented in this chapter apply, unless otherwise indicated, to all NOVOMATIC AG companies.

## Summary of Major Indicators

	2017	2018	2019	2020	2021	Goal
<b>Energy consumption in MWh total<sup>1*</sup></b>	337,366	346,344	389,329	323,329	295,345	Reduction
Of which NOVOMATIC AG**	20,845	21,093	21,393	18,182	20,054	
<b>CO<sub>2</sub> emissions in tons total<sup>2</sup></b>	176,542	170,888	171,105	137,192	125,740	Reduction
Of which NOVOMATIC AG	3,367	3,927	3,486	2,179	2,709	
<b>Scope 1 CO<sub>2</sub> emissions in tons total<sup>3</sup></b>	25,455	26,811	28,693	22,572	21,908	Reduction
Of which NOVOMATIC AG	2,433	2,614	2,473	2,006	2,297	
<b>Scope 2 CO<sub>2</sub> emissions in tons total<sup>4</sup></b>	80,377	76,630	85,431	68,287	55,564	Reduction
Of which NOVOMATIC AG	0	0	0	0	0	
<b>Scope 3 CO<sub>2</sub> emissions in tons total<sup>5</sup></b>	70,170	67,446	56,981	46,333	48,267	Reduction
Of which NOVOMATIC AG	934	1,313	1,012	173	412	
<b>Water use in m<sup>3</sup> total<sup>6</sup></b>	581,748	605,440	635,381	492,556	506,618	Reduction
Of which NOVOMATIC AG	19,015	22,362	20,280	13,461	11,781	
<b>Waste in tons total<sup>7</sup></b>	3,131	3,569	9,021	3,458	2,971	Reduction
Of which NOVOMATIC AG	1,236	1,484	1,380	922	574	

All data apply to the reporting period 1.1. to 31.12. or to the reporting date 31.12.

\* Total values represent the sum of directly recorded data and the extrapolation for companies not directly recorded in accordance with the NOVOMATIC AG Group scope of consolidation.

\*\* NOVOMATIC AG only presents the directly recorded data for the Austrian company without subsidiaries.

1 Energy consumption includes electricity, natural gas, transport fuels such as diesel and petrol, heating oil and self-generated energy (photovoltaics). Energy sold was deducted from this value.

2 CO<sub>2</sub> emissions consist of CO<sub>2</sub> equivalents (CO<sub>2</sub>e) of direct Scope 1 emissions from fuel consumption, indirect Scope 2 emissions from energy consumption and Scope 3 emissions from the operation of sold and rented equipment and air travel.

3 Direct Scope 1 CO<sub>2</sub>e emissions include emissions caused by the combustion of the transport fuels diesel and petrol as well as natural gas.

4 Indirect Scope 2 CO<sub>2</sub>e emissions include the emissions caused by the generation of electricity and district heating at the energy supplier.

5 Indirect Scope 3 CO<sub>2</sub>e emissions include those caused by direct data of air travel and those based on equipment rented and sold outside the Group. NOVOMATIC AG had no Scope 2 emissions due to the purchase of green electricity.

6 Water consumption refers to water used for production, cleaning, sanitation or irrigation.

7 Waste consists of non-hazardous and hazardous waste. This value is only recorded for the Gaming Technology companies.

Changes to the data from the previous year are explained in this chapter in the relevant paragraphs.

NOVOMATIC is one of the world's leading gaming technology producers. Major work steps are carried out in-house at the Austrian production site in Gumpoldskirchen, where, for example, gaming terminals are produced and refurbished for the Group. The company achieves vertical integration of over 50% with its own locksmith's workshop, joinery, printing shop, circuit board assembly, and plastics technology as well as internal assembly and shipping logistics.

Numerous operating resources are processed during the manufacturing stage, ranging from precursors and materials to technology components and electronic parts. Service technicians use company-owned cars, and company-owned trucks are available for logistics to a certain extent.

Resources such as electricity, water and thermal energy are used in the manufacturing process and in logistics, and fuel is used for vehicles. The majority of environmentally harmful substances are generated during production as a result of waste and waste water as well as by greenhouse gas emissions from energy generation and the combustion of fuels.

In addition to producing high-tech gaming equipment, NOVOMATIC acts as an operator of international gaming facilities such as casinos, electronic casinos or sports betting venues, and provides comprehensive solutions in the field of online, mobile and social gaming as well as lotteries and sports betting. The NOVOMATIC AG Group operates around 1,800 of its own gaming facilities around the world, including, for example, Spielbank Berlin, Germany's highest-turnover casino, and casinos in North Macedonia and Lithuania. The greatest impact that gaming operations have on the environment is due to the electricity consumed for operating gaming and betting terminals, heating and cooling, and lighting. Water consumption is comparatively low during gaming operations. Service technicians using vehicles results in significant emissions from fuel consumption.

 Information on interactive gaming products:  
[www.greentube.com](http://www.greentube.com)

 Information on sports betting solutions:  
<http://www.novomatic-sbs.com>

NOVOMATIC acknowledges its ecological footprint and the principle of assuming responsibility for using resources efficiently and sparingly. The subsidiaries take measures, in accordance with the respective local requirements, to reduce their ecological footprint and apply appropriate environmental management approaches. To this end, dedicated environmental management officers are positioned in manufacturing Group companies to implement the necessary steps for operational environmental protection. Some companies may be in possession of certification for environmental management standard ISO 14001. This certification, together with the requirements of the European Energy Efficiency Act, sets specific targets, which are then monitored by external agencies. In the case of subsidiaries that manage gaming operations, environmental management is sometimes handled by the respective property management company, because most buildings containing gaming operations are not owned by NOVOMATIC or its subsidiaries.

In order to make the scope of the ecological footprint and the measures taken in this context transparent, NOVOMATIC has also included environmental indicators in the ESG key performance indicator system at the Group level. These KPIs were included in an online data tool for the first time in 2017. Good practice examples of new and successful environmental protection measures are shared between the individual companies. In the future, the plan is to specify qualitative goals and move towards quantitative goals.

The following sections are intended to provide examples of the highlights of the projects already implemented in the Group and to illustrate the approach taken by management.

 GRI 103-2

## Energy & Emissions

Reduction of energy consumption and the associated CO<sub>2</sub>e emissions is of key importance in light of climate change. The gaming industry is not subject to the same challenges as more

energy intensive industries but there is still a great deal of energy consumed by manufacture and in particular by gaming operations. NOVOMATIC is determined to continue to reduce this CO<sub>2</sub>e footprint in the future.

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>ENERGY CONSUMPTION &amp; EMISSIONS</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Detailed feedback to companies on environmental footprint, recommendations for improvement &amp; sharing of good practice in the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>NOVOMATIC recertification in accordance with the standard ISO 14001:2015</li> <li>Branches revitalized</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>Optimized process flow on electricity meter readings and switch to smart meters</li> <li>Introduced timers in the test beds for software platforms</li> <li>Modernized compressed air system at the Bingen site</li> <li>More LED lighting</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>Increased share of electricity from renewable sources</li> <li>Expanded e-mobility in the fleet</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>Introduced an all-electric vehicle in the fleet</li> </ul>	<p><b>Principles:</b></p> <p>Reduce energy consumption and emissions</p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Report to Executive Board and Supervisory Board on environmental footprint, Group-internal and competitor benchmarking, proposed improvement measures</li> <li>Detailed feedback to companies on environmental footprint, recommendations for improvement and share good practices in the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>NOVOMATIC recertification according to ISO 14001</li> <li>Branches revitalized</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>Successively replace diesel vehicles with hybrid vehicles</li> <li>Partial switch to green electricity made</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>Partial conversion to LED takes place</li> <li>Start of the switch to e-mobility</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>Expand renewable energy sourcing in stores (Basque Gaming and Salones Macao already 100% renewable)</li> <li>More LED lighting</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>More LED lighting</li> <li>Expand vehicle fleet with electric hybrid cars</li> </ul> <p><b>The Netherlands:</b></p> <ul style="list-style-type: none"> <li>Introduce digital energy management system</li> <li>More LED lighting</li> <li>Participate in the Waalwijk CO<sub>2</sub> Foundation</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Detailed feedback to companies on environmental footprint, recommendations for improvement &amp; sharing of good practice in the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>ISO 14001 monitoring audit</li> <li>Branches revitalized</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>Continue the full-scale conversion to LED lamps</li> <li>Digitalization measures for waste reduction</li> <li>Expand the use of green electricity</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>Further conversion to LED</li> <li>Expand e-mobility</li> <li>Prepare for ISO 50001 certification</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>Increased share of electricity from renewable sources</li> <li>Expanded e-mobility in the fleet</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>Expand the conversion to LED</li> </ul>

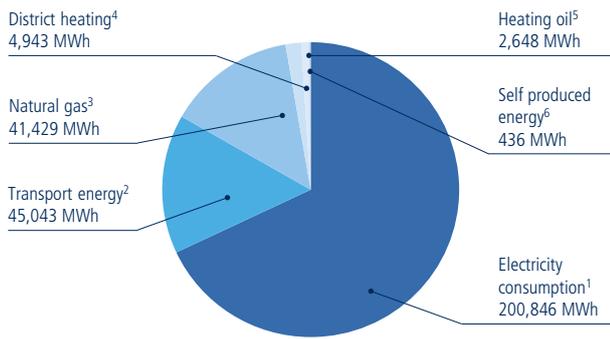
GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Energy reduced through improved electronic control or renewed consumption sources</li> </ul>	<p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• More LED lighting</li> </ul> <p><b>Poland:</b></p> <ul style="list-style-type: none"> <li>• Continue e-mobility and photovoltaics</li> </ul> <p><b>Serbia:</b></p> <ul style="list-style-type: none"> <li>• Energy-saving measures implemented</li> </ul> <p><b>North Macedonia</b></p> <ul style="list-style-type: none"> <li>• Water and energy conservation measures implemented</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Use of self-generated solar photovoltaics</li> <li>• Increased use of LED lighting (90% of production already converted)</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• Measures to reduce energy consumption</li> </ul>	<p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>• Expand photovoltaics</li> </ul> <p><b>Poland:</b></p> <ul style="list-style-type: none"> <li>• Expand e-mobility and photovoltaics</li> <li>• Promote environmental protection measures</li> </ul> <p><b>Serbia:</b></p> <ul style="list-style-type: none"> <li>• Further energy-saving measures planned</li> <li>• Green Teams planned to construct and enlarge green spaces</li> </ul> <p><b>North Macedonia:</b></p> <ul style="list-style-type: none"> <li>• Increase water and energy conservation measures</li> </ul> <p><b>Latvia:</b></p> <ul style="list-style-type: none"> <li>• Energy-saving measures planned</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>• Energy reduced through improved electronic control or renewed consumption sources</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>• Energy-saving measures planned</li> </ul>

### Energy Consumption

During production of entertainment devices, energy is required in the form of electricity and district heating for manufacturing machines as well as for lighting, heating and cooling production facilities. The majority of NOVOMATIC's electricity consumption, however, comes from gaming facilities which run gaming and betting terminals, as well as other electronic devices. A smaller amount of energy is used for lighting, heating, and air conditioning of the space. NOVOMATIC also consumes fuel in the form of gasoline and diesel for its fleet of vehicles, which is used for technical maintenance work, for example.

The goal is to continue to reduce total and relative energy consumption in the future. The graph shows a comparison of energy consumption by energy type.

#### TOTAL ENERGY CONSUMPTION BY TYPE 2021

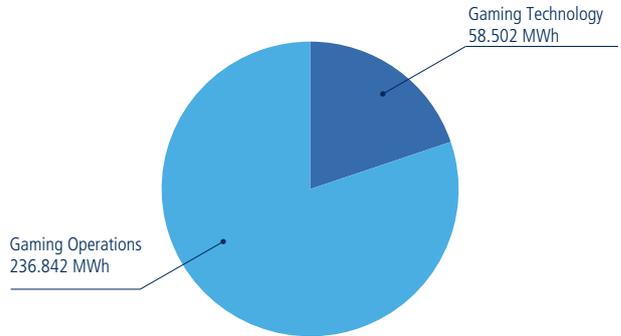


<sup>1</sup> Electricity consumption is the electricity taken from the energy service provider.  
<sup>2</sup> Transport energy consists of diesel and petrol consumption by the company vehicle fleets.  
<sup>3</sup> Natural gas is the natural gas taken directly from the energy service provider and used, for example, for heating, air conditioning, or lighting.  
<sup>4</sup> District heating is the heat taken directly from the energy service provider.  
<sup>5</sup> Heating oil is fuel used for energy creation.  
<sup>6</sup> Self-generated energy is renewable energy, e.g. photovoltaics (PV) The energy sold is not pictured, as it was not consumed

Renewable energy with zero CO<sub>2</sub>e emissions is purchased by 25% of the companies. Changes compared to the previous year are partly due to a reduction in business activities in energy-intensive areas as well as necessary closures of gaming arcades and increased use of home offices. Further reductions result from the effects of the numerous energy-saving measures – see Highlights. The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation. Energy used for heating and cooling is included in the values for district heating, natural gas, and electricity consumption, depending on the method of heating and cooling. Source for conversion factors: Federal Environment Agency and DEFRA, data as of 2021 <https://secure.umweltbundesamt.at/co2mon/co2mon.html> <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

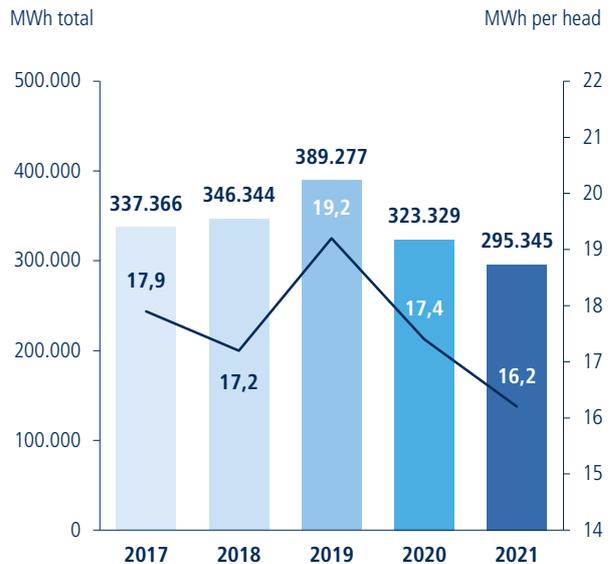


#### ENERGY CONSUMPTION 2021



The energy consumption represented includes electricity, district heating, fuels, natural gas, heating oil, as well as self-generated energy (solar energy). Any energy sold has been deducted from this figure. The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.

#### ENERGY CONSUMPTION IN COMPARISON 2017 – 2021



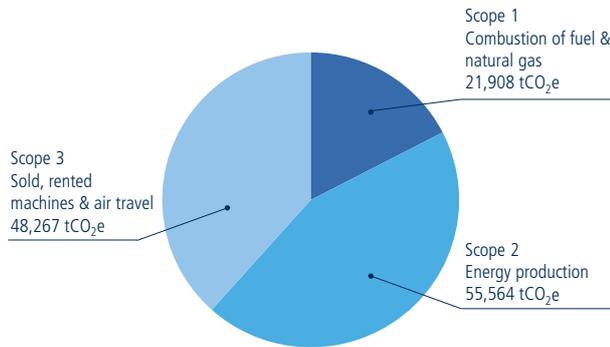
The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation. Energy intensity is calculated based on the respective listed energy consumption for each respective type of energy and as a quotient of the full-time employee equivalents of salaried and other employees excluding absences (e.g., parental leave, long-term sick leave).

### Emissions

NOVOMATIC is responsible for directly produced CO<sub>2</sub>e emissions caused by fuel consumption (Scope 1 emissions). Consumption of electricity and district heating is responsible for CO<sub>2</sub>e emissions from energy providers (Scope 2 emissions). A further portion of the emissions is caused by air travel required for business and leased or sold gaming terminals (Scope 3 emissions).

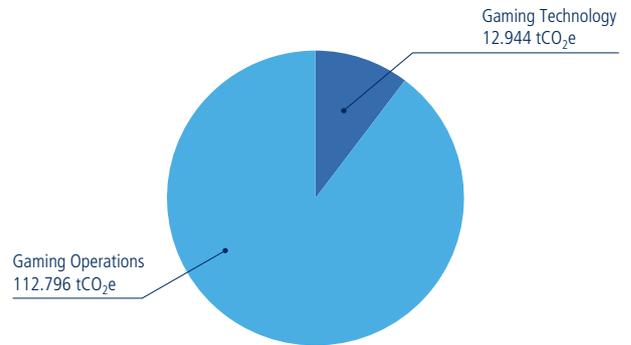
The goal is to continue to reduce total and relative CO<sub>2</sub>e emissions in the future. The image shows the comparison between the company's CO<sub>2</sub>e emissions at production locations and in gaming facilities.

#### CO<sub>2</sub> EMISSIONS BY SOURCE 2021



The year-on-year changes result from explanations for the energy consumption.  
 tCO<sub>2</sub>e: Equivalent CO<sub>2</sub>e unit emissions in tons  
 The image includes Scope 1, 2, and 3 emissions from directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.  
 There are no biogenic emissions from biomass combustion or biodegradation.  
 Scope 1: These are emissions attributable to the combustion of fuels and natural gas. These emissions from fuel consumption were calculated using the following conversion factors: 2.70553 kg CO<sub>2</sub>e per liter of diesel and 2.33969 kg CO<sub>2</sub>e per liter of gasoline. Source: UK government "Conversion factors 2021 – Condensed set (for most users)" <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>  
 Scope 2: These are emissions attributable to energy production. Emission values come from the energy suppliers directly (market-based). In the case of certified green electricity, CO<sub>2</sub>e emissions are zero.  
 Scope 3: These are emissions attributable to air travel, and leased and sold equipment. Scope 3 emissions were recorded using direct data on the flights and extrapolated based on the number of devices rented or sold outside of the Group. The CO<sub>2</sub>e factor of 231 kg/MWh was used here based on data from the European Environment Agency. [https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-6#tab-googlechartid\\_googlechartid\\_googlechartid\\_chart\\_11111](https://www.eea.europa.eu/data-and-maps/daviz/co2-emission-intensity-6#tab-googlechartid_googlechartid_googlechartid_chart_11111)  
 Data based on the international Greenhouse Gas Protocol (GHG): <https://ghgprotocol.org/corporate-standard>

#### CO<sub>2</sub>-EMISSIONS 2021



The year-on-year changes result from explanations for the energy consumption.  
 For information on the CO<sub>2</sub> factors, see the figure "CO<sub>2</sub> emissions by source."  
 tCO<sub>2</sub>e: Equivalent CO<sub>2</sub>e unit emissions in tons  
 The image includes Scope 1, 2, and 3 emissions from directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation.

#### CO<sub>2</sub> EMISSIONS IN COMPARISON 2017 – 2021



The year-on-year changes result from explanations for the energy consumption.  
 tCO<sub>2</sub>e: Equivalent CO<sub>2</sub>e unit emissions in tons  
 The image includes Scope 1, 2, and 3 emissions from directly available data and, in the event that data is not available, extrapolation for all consolidated companies included in the scope of consolidation. Scope 3 CO<sub>2</sub>e emissions from leased or sold equipment are included in total emissions, but not in per capita emissions.  
 The information per head includes full-time employee equivalents for employees and workers not including absences (e.g., parental leave, long-term sick leave).  
 For information on the CO<sub>2</sub> factors, see the figure "CO<sub>2</sub> emissions by source."

GRI GRI 305-1, -2, -3, -4  
 SDG SDG 7.2, 7.3, 8.4, 13.1, 13.9

## Resource Consumption and Waste Prevention

In terms of NOVOMATIC business activities, it is production of gaming technology, in particular, that consumes various resources. This includes plastics, metals, electronic components, screens, cables, paints and varnish, up to and including timber products and various primary products. Due to high levels of vertical integration and the use of numerous different commodities, materials, and primary products in production, the conservation of resources is more than just about complying with local environmental laws, but is in fact a significant cost factor across all measures.

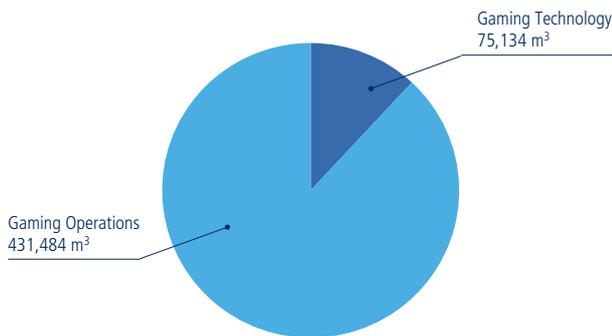
Resource management is strictly regulated in all production locations and adjusted to match local requirements and conditions.

### Water

Water is used as a resource for cleaning and sanitation, as well as for watering green areas at the sites. The majority of water consumption occurs in gaming operations. The goal is to continue reducing total and relative water consumption.

GRI 303-1,-2,-3

### WATER CONSUMPTION 2021



Year-on-year changes were mainly due to expansion to new locations. Further reductions resulted from water-saving measures in the Group, such as raising awareness, reusing process water, etc., see Highlights. Water consumption (fresh water only) by withdrawal from the public water system is included. No water is taken from areas experiencing water stress. The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated operating companies included in the scope of consolidation. Water consumption figures were recorded more precisely or extrapolated in individual companies.

### WATER CONSUMPTION IN COMPARISON 2017 – 2021



Water from the public water mains is included under water consumption.

The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated operating companies included in the scope of consolidation.

The information per head includes full-time employee equivalents for employees and workers not including absences (e.g., parental leave, long-term sick leave).

### Waste

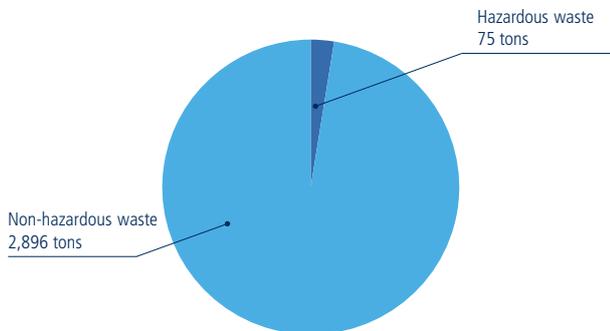
Production, in particular, produces non-hazardous and hazardous waste. The waste amounts, recorded for the first time in 2017, showed that only six percent of waste is caused by Gaming Operations. For this reason, only waste from technology companies within the Group has been recorded from 2018 onwards.

The analyses carried out in previous years make it clear that the majority of waste produced is non-hazardous. This includes, for example, cardboard, metal, plastic, wood, glass, etc. The smaller amount is taken up by hazardous waste such as electronic waste, varnish, paint, and other hazardous materials. The goal is to continue to reduce total and relative waste volume in the future. Waste that cannot be avoided is separated into various categories, collected, and disposed of in accordance with the law. In addition to environmental protection, reduction of waste results in fewer costs for waste removal.

GRI 306-1

GOALS 2021	HIGHLIGHTS 2021	SCHEDULED 2022
<p><b>RESOURCE CONSUMPTION &amp; WASTE</b></p> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Detailed feedback to companies on environmental footprint, recommendations for improvement &amp; sharing of good practice in the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Optimized waste management</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>Reduce mixed waste and improvement of waste separation</li> <li>Reduce plastic waste in HQ</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>Reduce plastic waste at facilities</li> </ul> <p><b>Romania:</b></p> <ul style="list-style-type: none"> <li>Reduce plastic waste at facilities</li> <li>Switching to using recyclable water bottles at HQ</li> </ul>	<p><b>Principles:</b></p> <ul style="list-style-type: none"> <li>Reduce resource consumption, as well as waste and waste water</li> <li>Highest possible degree of recyclability and lifespan for products</li> </ul> <p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Detailed feedback to companies on environmental footprint, recommendations for improvement &amp; sharing of good practice in the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Introduce returnable glass bottles at HQ NOVOMATIC AG</li> <li>Improve waste separation and reduction via awareness campaigns</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>Awarded the ÖKOPROFIT 2021 seal of quality for the Bingen site</li> <li>Changeover to electronic invoice transmission for casino suppliers (CO<sub>2</sub> reduction)</li> <li>Digitalization measures for waste reduction</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>Reduce mixed waste and improvement of waste separation</li> <li>Reduced plastic waste in HQ (e.g., switch to reusable plastic bottles)</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>Waste reduction measures and hired a waste manager</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>Reduce plastic waste at facilities</li> <li>Removed water dispensers</li> </ul> <p><b>Australia:</b></p> <ul style="list-style-type: none"> <li>Expanded the reuse of process water (e.g., WC facilities)</li> <li>Nearly 100% of recyclable waste was sent for processing</li> </ul> <p><b>USA:</b></p> <ul style="list-style-type: none"> <li>Packaging material made from 100% recycled materials</li> </ul> <p><b>Online:</b></p> <ul style="list-style-type: none"> <li>Communication on the more environmentally friendly use of energy, water and waste</li> </ul>	<p><b>Group:</b></p> <ul style="list-style-type: none"> <li>Detailed feedback to companies on environmental footprint, recommendations for improvement &amp; sharing of good practice in the Group</li> </ul> <p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>Increase the use of returnable glass bottles at HQ NOVOMATIC AG</li> <li>Improve waste separation and reduction via awareness campaigns</li> </ul> <p><b>Germany:</b></p> <ul style="list-style-type: none"> <li>Continue and expand the existing extensive measures</li> </ul> <p><b>Italy:</b></p> <ul style="list-style-type: none"> <li>Improve processes for waste management</li> <li>Prepare ISO 14001 and ISO 50001 certification</li> </ul> <p><b>Spain:</b></p> <ul style="list-style-type: none"> <li>Measures for waste reduction and improved recycling</li> </ul> <p><b>United Kingdom:</b></p> <ul style="list-style-type: none"> <li>Reduce plastic waste at the headquarters</li> </ul> <p><b>Online:</b></p> <ul style="list-style-type: none"> <li>Supplier audit on environmental aspects</li> </ul>

WASTE 2021

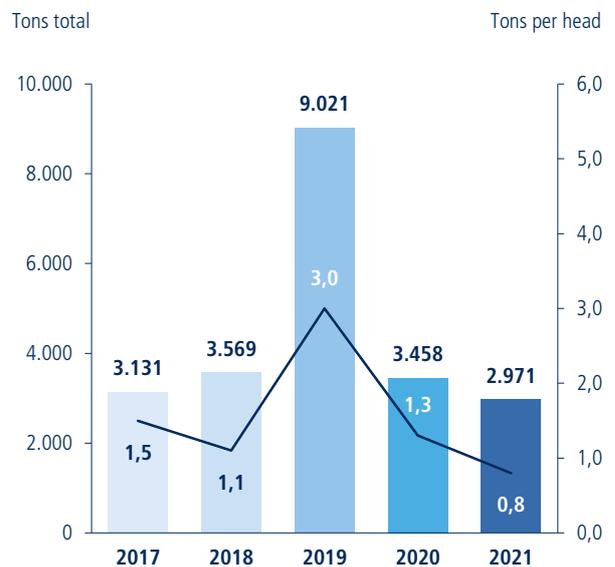


Non-hazardous waste includes: Aluminum, glass, paper, cardboard, residual waste, plastic, metal, wood, etc. Hazardous waste includes: Electronic waste, paints, oils, etc. The image includes all directly available data and, in the event that data is not available, extrapolation for all consolidated producing companies included in the scope of consolidation. Due to materiality, waste is only recorded for manufacturing technology companies. Changes compared to the previous year are mainly due to measures to reduce the volume of waste and improve waste separation, as well as a partial reduction in production activities and limited operational activities in waste-intensive areas due to the COVID 19 pandemic which led to widespread lockdowns and, as a result, reduced product demand, the closure of gaming halls, and more people working from home.

Recyclability

NOVOMATIC does not create single-use products. Technical updates and statutory requirements mean that used devices are sent to NOVOMATIC to be updated. During this refurbishment process and following an in-depth technical inspection, various components, from monitors to circuit boards, can be replaced in working machines. Even without a specific customer request, functioning components from old machines are removed and refurbished. This means that refurbished components are available at all times. In addition and in some cases, entire used devices can be repaired so that they meet customer requirements. Due to requirements that change from year to year based on customer requests and country-specific regulations it is not possible to determine a set refurbishment rate. If it is reasonable and the customer requests it, NOVOMATIC aims for a very high refurbishment rate for its products.

WASTE IN COMPARISON 2017 – 2021



The information per head includes full-time employee equivalents for employees and workers not including absences (e.g., parental leave, long-term sick leave). Due to materiality, waste is only recorded for manufacturing technology companies. The above-average amount of waste in 2019 was due to the one-off effect of the statutory equipment changeover in Germany.

GRI 306-1, -2, -3  
SDG 12.5

There are a variety of procedures for used devices that are not refurbished. The large majority are stored at NOVOMATIC until, for example, they can be used on a different market. Badly damaged devices are removed and the pieces that cannot be recycled are sent to waste disposal. Some of the devices are refurbished in the country in question and then used again in the market.

In the last year, the Group produced or installed more than 40,700 gaming terminals and repaired around 21,300 terminals in the same time period. This represents a refurbishment rate of 52 percent.

All other devices that cannot be used for refurbishment were properly disposed of as waste as per relevant laws, by either NOVOMATIC or the customer.

GRI 301-3



# ACTIVE IN THE COMMUNITY

This section provides a summary of the most important results and measures described in this chapter.

## TAKING ON RESPONSIBILITY

- “We make an important contribution to society through sponsorships, donations and volunteering.”
- “We see ourselves as active and responsible citizens, investing in the community.”
- “We foster valuable partnerships and sustainable initiatives.”

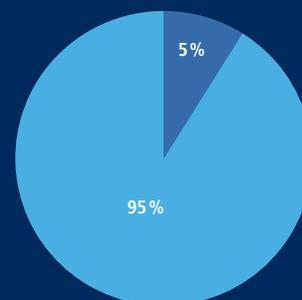
## DONATION FOCUS

- Urgent help
- Helping people to help themselves
- Regionality

### Selection criteria

- Certification with a donation seal of quality
- Transparency concerning the use of funds
- Long-term nature and scope of the effect

## Sponsorship and donation expenses in %



● Sponsoring ● Donations

## SPONSORSHIP FOCUS

- Sports and competition
- Prevention and player protection
- Arts and culture
- Strengthening the economy

### Selection criteria

- International and regional connection
- Promotion of education and talent
- Long-term cooperation before short-term activism

# ACTIVE IN THE COMMUNITY

NOVOMATIC assumes responsibility as an active participant in society, and supports selected initiatives from the fields of sports, culture, science, and business. Through sponsorships, donations and volunteer work in these areas, we aim to make a lasting and valuable contribution to the community.

As a leading Austrian and international company, it is important for NOVOMATIC to assume social responsibility. This is made visible through sponsorships, donations and the support of voluntary activities, because in addition to its economic and regional significance for the economy, the labor market and tax revenue, NOVOMATIC makes an important contribution to society with its commitment here.

Economic action in line with sustainable corporate values is an integral part of NOVOMATIC's corporate strategy, which is why it has been precisely defined in which areas the company would like to be active with sponsorships and donations. This strategic direction was developed following feedback from the stakeholder dialog and an internal evaluation of existing donation and sponsorship projects. Precisely defined donation and sponsorship criteria and binding corporate guidelines provide a clear framework for decision-making and action, meaning that external stakeholders have a better idea of exactly which initiatives, donation requests or collaborations in volunteering are worthy of support.

2021 continued to be challenging given the protracted nature of the coronavirus pandemic, and naturally also had an impact on the company's sponsorship and donation activities, which had to be adapted to this changed situation.

## Sponsorship Activities and Partnerships

Sponsorship is indispensable when it comes to existence and diversity of associations and initiatives worthy of support, and at the same time also makes a significant contribution to building and maintaining the great brand awareness and high brand value of NOVOMATIC. The company attaches great importance to long-term partnerships and transparency

in implementation, which is why they are also important criteria for sponsorship. This is the only way to ensure a positive effect in the long term.

### Sponsorship focus

- Sports and competition
- Prevention and player protection
- Art & culture
- Strengthening the Economy

### Selection criteria

- International and regional connection
- Promotion of education and talent
- Long-term cooperation before short-term activism

NOVOMATIC is continuously approached with a large number of sponsorship requests, which is why the company consistently follows these guidelines when selecting suitable projects. Each inquiry will be reviewed to determine whether it is eligible for sponsorship, and will be answered as quickly as possible.

*"Sponsoring activities relate to the planning, implementation, and monitoring of all activities connected to the provision of funds, equipment, services, or expertise by companies and institutions to support individuals and/or organizations in the areas of sport, culture, social issues, environment, and/or media in accordance with contractual regulations for services provided by the sponsor and those provided by the sponsored party in order to achieve combined marketing and corporate communication goals."*

 Gabler Wirtschaftslexikon:  
[www.wirtschaftslexikon.gabler.de](http://www.wirtschaftslexikon.gabler.de)

 GRI 103-2

### Sports and Competition

For many years, NOVOMATIC has been a reliable partner for Austrian sports federations and clubs, both in competitive and recreational sport. Sports and athletic competitions have a special role to play in the gaming industry, yet the defined sponsorship criteria are also applied.

### Prevention and Player Protection

Player protection is not just important on-site at gaming facilities, it also takes on central importance in connection with sustainable funding. NOVOMATIC uses long-term partnerships to support initiatives that deliver important scientific information and help to improve prevention options.

The following applies in accordance with the Group-wide player protection policy: "The company does not enter into sponsorship collaborations with organizations such as day-cares, elementary schools, youth organizations or at events primarily aimed at children and minors."

### Art & Culture

Regional anchoring and international networking are central when it comes to promoting art and culture. For many years, the Group has fostered partnerships for sponsoring cultural institutions, cultural prizes, events, as well as associations, both at the regional and international level.

### Strengthening the Economy

As an internationally active company, NOVOMATIC sets store by having an open exchange with industry and the economy. Only together can the business location, the labor market and tax revenue be boosted accordingly.



SDG 8.1

## Donations and Volunteer Work

NOVOMATIC also supports charitable organizations within the framework of its social commitment. The company always ensures that all donations and grants are used as intended, and that the funds it donates have the greatest possible impact.

### Donation focus

- Urgent help
- Helping people to help themselves
- Regionality

### Selection criteria

- Certification with a donation seal of quality
- Transparency concerning the use of funds
- Long-term nature and scope of the effect

Every year, NOVOMATIC receives a large number of requests for donations, which are evaluated in line with clearly defined priorities and criteria. Initiatives and projects worthy of support are selected and supported in compliance with binding corporate guidelines. Every request received is considered and answered in a timely manner.

Another pillar of social commitment at NOVOMATIC is the donation of time and resources. Corporate Volunteering is an initiative through which the company supports socially beneficial projects by making use of the energy, expertise, and time of employees.

*"Donations are voluntary contributions provided without any services in return, but usually made with specific purpose in mind. The person or company donating has no economic expectations vis-à-vis the person or charity receiving the donation. There is no exchange of services between the person or company donating and the recipient of the donation."*

 Gabler Wirtschaftslexikon:  
[www.wirtschaftslexikon.gabler.de](http://www.wirtschaftslexikon.gabler.de)

 GRI 103-2

# STATEMENT BY THE EXECUTIVE BOARD

The auditor has issued a report on the voluntary audit of the disclosure of the information required in the non-financial report for the year 2021, which did not give rise to any objections. The matters disclosed in the non-financial report were prepared in compliance with the GRI Standards: Core Option issued by the Global Sustainability Standards Board (GSSB), the requirements under sections 243b and 267a of the Austrian Commercial Code (UGB) (NaDiVeG), as well as Regulation (EU) 2020/852 (EU-Taxonomy) and the supplementary Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139.

We confirm that to the best of our knowledge, this report was written in compliance with Sections 243b and 267a of the Austrian Commercial Code and provides a true and fair view of the non-financial concerns for the company.

Gumpoldskirchen, March 23, 2022

The Executive Board of NOVOMATIC AG

Ryszard Presch  
Executive Board

Johannes Gratzl  
Executive Board

# GRI, SDG, UNGC, AND NADIVEG INDEX

The following index provides a summary of the application of relevant Environmental Social Governance and standards implemented by NOVOMATIC.

The following chart presents, in integrated form, the GRI Index as well as references to information regarding the SDG goals, UNGC Principles and the NaDiVeG requirements.

The material issues are listed based on their priority within the materiality matrix. In addition to a GRI label per material issue, the name used in the Annual Report is listed in brackets.

The index shows the applied guidelines and standards in each column. The rows contain the SDG Goals, the UNGC Principles, GRI Indicators, and NaDiVeG requirements. The order of the contents is based on the GRI standards' standard information, and the priority of those issues identified as material.

GRI standard	GRI disclosure	Page numbers and references
<b>GRI 101: Foundation 2016</b>		
GRI 101	Foundation 2016	
<b>GRI 102: General Disclosures 2016</b>		
<b>Organizational Profile</b>		
GRI 102-1	Name of the organization	
GRI 102-2	Activities, brands, products and services.	Pages 26 – 39
GRI 102-3	Location of headquarters	
GRI 102-4	Locations of operations	Pages 12 – 13
GRI 102-5	Ownership and legal form	Pages 6 – 7
GRI 102-6	Markets serviced	Pages 12 – 13
GRI 102-7	Scale of the organization	Pages 6 –7, 12 – 13
GRI 102-8	Information on employees and other workers	Pages 87 – 88
GRI 102-9	Supply chain	Page 82
GRI 102-10	Significant changes to the organization and its supply chain	Pages 14 – 15
GRI 102-11	Precautionary Principle or approach	
GRI 102-12	External initiatives	Page 47
GRI 102-13	Membership of associations	Page 47
<b>Strategy</b>		
GRI 102-14	Declaration from the most senior decision-maker	Page 23
GRI 102-15	Key impacts, risks, and opportunities	Pages 44 – 45
<b>Ethics and Integrity</b>		
GRI 102-16	Values, principles, standards, and norms of behavior	Pages 43, 50 – 51
GRI 102-17	Mechanisms for advice and concerns about ethics	Pages 71 – 72
<b>Governance</b>		
GRI 102-18	Governance structure	Page 52
GRI 102-19	Delegating authority	Page 52
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Page 52
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Pages 45 – 46
GRI 102-22	Composition of the highest governance body and its committees	
GRI 102-23	Chair of the highest governance body	
<b>Stakeholder Engagement</b>		
GRI 102-40	List of stakeholder groups	Pages 44 – 45
GRI 102-41	Collective bargaining agreements	
GRI 102-42	Identifying and selecting stakeholders	Pages 44 – 46
GRI 102-43	Approach to stakeholder engagement	Pages 44 – 46
GRI 102-44	Key topics and concerns raised	Pages 44, 48 – 49
<b>Reporting Practice</b>		
GRI 102-45	Entities included in the consolidated financial statements	
GRI 102-46	Defining report content and topic Boundaries	Pages 48 – 49
GRI 102-47	List of material topics	Pages 48 – 49
GRI 102-48	Restatements of information	Page 58
GRI 102-49	Changes in reporting	Page 58
GRI 102-50	Reporting period	Page 58
GRI 102-51	Date of most recent report	Page 58
GRI 102-52	Reporting cycle	Page 58
GRI 102-53	Contact point for questions regarding the report	Page 58
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Page 57
GRI 102-55	GRI content index	Pages 114 – 122
GRI 102-56	External assurance	Pages 123 – 126

Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI

SDG Goals  
UN Global Compact Principles  
NaDiVeG Requirements

The principles of reporting for determining the contents and quality of the report have been met.

NOVOMATIC AG

“NOVOMATIC in Detail”, “Management Report”

Business model

Wiener Straße 158, 2352 Gumpoldskirchen, Austria

“NOVOMATIC: Global Operations”

Business model

“Organizational Chart”

“NOVOMATIC: Global Operations”

Business model

“Organizational Chart”, “NOVOMATIC: Global Operations”, “NOVOMATIC Consolidated Financial Statement”

Business model

Business model

Business model

“Growth of the NOVOMATIC Group”, “NOVOMATIC Consolidated Financial Statement”

Business model

The precautionary approach is shown separately for the individual fields of action.

Principle 7

“Foreword”

SDG 16 Peace, Justice and strong institutions, Target 16.3

The NOVOMATIC AG Group Executive Board is the highest governing body, and delegates authority regarding economic, ecological, and social issues.

“Organs of the company”

“Organs of the company”

In countries in which there are corresponding provisions for collective bargaining, these also apply to the employment contracts. Thus, the percentage is 100%.

How the organization reacted to important topics can be read in the relevant chapters and management approaches.

The topics for each stakeholder group are not reported in detail.

“Other information”, non-financial information and data in the non-financial report were recorded by direct data collection or via extrapolation to the consolidation scope of NOVOMATIC AG Group.

Business model

Explanations within the text, as well as footnotes in the case of key figures and graphs.

Unless otherwise stated, all information and data refer to the 2020 fiscal year from January 1 to December 31. Figures are taken from the cut-off date of December 31.

April 3, 2019 Annual Report 2019 – NOVOMATIC AG Group

Annually

Group CR & ESG Management is the point of contact

E-mail: cr@novomatic.com, Telephone: +43 2252 606 0

This report was created in compliance with the GRI standards option ‘core’.

National, union-based and international frameworks

This non-financial report was audited by the certified public accounting firm Deloitte Audit Wirtschaftsprüfungs GmbH in regard to selected information and fulfillment of the requirements in the Austrian Law on the Improvement of Sustainability and Diversity. For details, see the audit report for the non-financial report.

GRI standard	GRI disclosure	Page numbers and references
<b>GRI 103:</b>	<b>Management Approach 2016</b>	
GRI 103-1	Explanation of the material topic and its Boundary	Pages 48 – 49
GRI 103-2	The management approach and its components	Pages 60 – 63, Pages 71 – 77, Pages 87 – 89, Pages 100 – 101, Pages 111 – 112
GRI 103-3	Evaluation of the management approach	Pages 48 – 49
<b>Player Protection (no GRI Standards)</b>		
No GRI Indicator	Information on dealing with player protection	Pages 60 – 69
<b>GRI 416: Customer Health and Safety 2016 (Responsible Marketing)</b>		
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Pages 61 – 68
<b>GRI 417: Marketing and Labeling 2016 (Responsible Marketing)</b>		
GRI 417-1	Requirements for product and service information and labeling	Pages 69
<b>GRI 205: Anti-corruption 2016 (Corruption &amp; Money Laundering Prevention)</b>		
GRI 205-2	Communication and training on anti-corruption policies and procedures	Pages 77 – 78
GRI 205-3	Confirmed incidents of corruption and actions taken	Pages 77 – 78
<b>GRI 201: Economic Performance 2016 (Local Anchoring)</b>		
GRI 201-1	Direct economic value generated and distributed	
<b>GRI 401: Employment (2016)</b>		
GRI 401-1	Total number and rate of new employees and employee turnover. Further information on age groups, gender, etc. is not reported due to data availability.	See key figures appendix to the non-financial report
<b>GRI 403: Occupational Safety and Health Protection 2018 (Occupational Safety &amp; Employee Health)</b>		
GRI 403-1	Occupational health and safety management system	Pages 91 – 94
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Pages 91 – 94
GRI 403-3	Occupational health services	Pages 91 – 94
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Pages 91 – 94
GRI 403-5	Worker training on occupational health and safety	Pages 91 – 94
GRI 403-6	Promotion of worker health	Pages 91 – 94
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 91 – 94
GRI 403-9	Work-related injuries	Pages 91 – 94
<b>GRI 418: Protection of Customer Data 2016 (Data Protection)</b>		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pages 78 - 79

Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI	SDG Goals UN Global Compact Principles NaDiVeG Requirements
The identification and delimitation of material fields of action is provided by the materiality matrix and the description provided in each section (for material issues, see the headings in this index). The impact of business activities, as well as participation of the organization in same, are displayed in the representation of the value-added chain, as well as per issue in the relevant chapters. Limitations and exclusions are covered in the GRI, SDG, UNGC, and NaDiVeG Index.	
The management approach to strategic ESG fields of action is explained in the "CR & ESG Management" chapter. The management approach for the material issues in these fields of action is explained at the beginning of each chapter on the issue, and a short description is given for each section on the issue. In addition, the summary pages at the beginning of each chapter provide information on goals, measures taken in previous years, and measures for the coming year.	
The "CR & ESG Management" chapter describes in detail how the effectiveness of the management approach is audited and improved for each issue. The chapter "Always Compliant" describes the mechanism for auditing the management approach.	Applied due diligence processes
No GRI, SDG, UNGC, and NaDiVeG equivalents	
100% of material product and service categories are evaluated both in terms of effect on the health and safety of customers and in regard to how they might be improved upon.	Industry-specific issues
100% of products and services offered by the Group must comply with all relevant legal requirements. Not only that, the social, ecological, and governance aspects listed in the Group Guidelines apply to all subsidiaries.	Industry-specific issues
In 2020 two out of three and in 2021 the third out of three supervisory board members were demonstrably trained on anti-corruption policies and procedures.	SDG 16 Peace, Justice and strong institutions, Target 16.5 UNGC: Principle 10 NaDiVeG: Fighting corruption and bribery  SDG 16 Peace, Justice and strong institutions, Target 16.5 UNGC: Principle 10 NaDiVeG: Fighting corruption and bribery
"Consolidated Financial Statements NOVOMATIC", "Earning Positions", "Key Figures", and "Segment Analysis"	SDG 8 Decent work and Economic Growth Targets 8.1, 8.2
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 NaDiVeG: Social and employee issues
Information on workers who are not employees, as well as a detailed list of high-consequence work-related injuries are not reported for reasons of data availability.	SDG 8 Decent Work and Economic Growth, Target 8.8 NaDiVeG: Social and employee issues
	SDG 16 Peace, Justice and strong institutions, Target 16.3 NaDiVeG: Industry-specific issues

GRI standard	GRI disclosure	Page numbers and references
<b>GRI 405: Diversity and Equal Opportunity 2016 (Employee Diversity &amp; Equality)</b>		
GRI 405-1	Diversity of governance bodies and employees	Page 97
<b>GRI 404: Training and Further Education 2016</b>		
GRI 404-1	Average hours of training per year per employee	Page 90
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Page 90
<b>GRI 308: Supplier Environmental Analysis 2016 (Supplier Responsibility)</b>		
GRI 308-1	New suppliers that were screened using environmental criteria	Page 82
<b>GRI 414: Supplier Social Analysis 2016 (Supplier Responsibility)</b>		
GRI 414-1	New suppliers that were screened using social criteria	Page 82
<b>GRI 306: Effluents and Waste 2020 (Waste)</b>		
GRI 306-1	Significant actual and potential waste-related impacts of the organisation	Page 106-109
GRI 306-2	Waste by type and disposal method	Pages 106-109
GRI 306-3	Total weight of waste generated in metric tonnes, and a breakdown of this Total by composition of waste	Page 109
<b>GRI 301: Materials (Resource Consumption, Recyclability) 2016</b>		
GRI 301-3	Reclaimed products and their packaging materials	Page 109
<b>GRI 302: Energy 2016 (Energy Consumption &amp; Emissions)</b>		
GRI 302-1	Energy consumption within the organization	Page 104
GRI 302-3	Energy intensity	Page 104
<b>GRI 305: Emissions 2016 (Energy Consumption &amp; Emissions, Emissions From Transport &amp; Logistics)</b>		
GRI 305-1	Direct (Scope 1) GHG emissions	Page 105
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Page 105

Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI	SDG Goals UN Global Compact Principles NaDiVeG Requirements
The percentage of salaried employees per category of salaried employee, was not reported due to data limitations.	SDG 5 Gender Equality, Target 5.1 SDG 8 Decent work and Economic Growth, Target 8.5 UNGC: Principle 6 NaDiVeG: Social and employee issues
Division based on gender and category of salaried employee was not reported due to data limitations.	SDG 4 Quality Education, Target 4.5 SDG 5 Gender Equality, Target 5.1 SDG 8 Decent Work and Economic Growth, Targets 8.2, 8.5 NaDiVeG: Social and employee issues
"Enjoy Working with Us", "Training and Further Education", "Employee Diversity & Equality"	SDG 4 Quality Education SDG 8 Decent Work and Economic Growth, Target 8.5 NaDiVeG: Social and employee issues
	UNGC: Principles 8 & 9 NaDiVeG: Environmental concerns
	SDG 8 Decent Work and Economic Growth, Target 8.8 NaDiVeG: Social and employee issues
	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 12 Responsible Consumption and Production, Target 12.5 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
The breakdown of waste removal procedures and methods was not reported due to data limitations.	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 12 Responsible Consumption and Production, Target 12.5 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 12 Responsible Consumption and Production, Target 12.5 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
Packaging materials were not included in the report due to data limitations.	UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 7 Affordable and Clean Energy Targets 7.2, 7.3 SDG 8 Decent Work and Economic Growth, Target 8.4 SDG 12 Responsible Consumption and Production, Target 12.5 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 7 Affordable and Clean Energy, Targets 7.2, 7.3 SDG 8 Decent Work and Economic Growth, Target 8.4 SDG 12 Responsible Consumption and Production, Target 12.5 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns

GRI standard	GRI disclosure	Page numbers and references
GRI 305-3	Other indirect (Scope 3) GHG emissions	Page 105
GRI 305-4	GHG emissions intensity	Page 105
<b>GRI 412: Human Rights Assessment 2016 (Human Rights)</b>		
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Page 84
<b>Security (no GRI Standards)</b>		
	Security information	Pages 80 – 81
<b>GRI 206: Anti-competitive Behavior 2016 (Fair Competition)</b>		
	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 85
<b>Public Affairs (no GRI Standards)</b>		
	Information on public affairs activities	Page 85
<b>GRI 303: Water and Effluents 2018 (Resource Consumption)</b>		
GRI 303-1	Description of how the organisation uses water	Page 106 – 108
GRI 303-2	Description of the applicable minimum standards	Page 106 – 108
GRI 303-3	Water withdrawal	Page 106 – 108
<b>Innovation (no GRI Standards)</b>		
	Information on innovation	Page 98
<b>Sponsoring &amp; Donations (no GRI Standards)</b>		
	Information on sponsoring, donations, and volunteer work	Pages 111 – 112
<b>United Nations Global Compact specific information</b>		
	UNGC support	Page 56
	Freedom of association	
	Forced labor	
	Child labor	
<b>General Standards in regard to the Austrian Law on the Improvement of Sustainability and Diversity</b>		
	Material issues	Pages 74 - 75
	Description of the business model	Pages 44 – 45
	Approach used per concern	
	Result of this approach	
	Applied due diligence	Pages 76 – 77
	Material risks	Pages 74 – 75
	Non-financial performance indicators	
	Applied international frameworks	Pages 53 – 57

Explanation regarding information required by GRI, SDGs, UNGC, NaDiVeG and omissions in accordance with GRI	SDG Goals UN Global Compact Principles NaDiVeG Requirements
Only emissions from passenger air travel were recorded directly. Emissions from leased and sold devices were extrapolated. In doing so, the assumption was CO <sub>2</sub> e emissions of 231 kg/MWh based on the average CO <sub>2</sub> e intensity factor of electricity consumption within the Group.	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
CO <sub>2</sub> e intensity is calculated based on the respective listed energy consumption and the resulting scopes -1-, -2-, and -3- emissions for each respective type of energy and as a quotient of the full-time employee equivalents of salaried and other employees excluding absences (e.g. parental leave, long-term sick leave).	SDG 3 Good Health and Wellbeing, Target 3.9 SDG 13 Climate Action, Target 13.1 UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	UNGC: Principles 1 & 2 NaDiVeG: Respect of human rights
No GRI or UNGC equivalents.	NaDiVeG: Social and employee issues
	SDG 16 Peace, Justice and strong institutions, Target 16.3
No GRI or UNGC equivalents.	NaDiVeG: Industry-specific issues
	UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
	UNGC: Principles 7 & 8 NaDiVeG: Environmental concerns
No GRI or UNGC equivalents.	NaDiVeG: Industry-specific issues
No GRI or UNGC equivalents.	UNGC: Principle 9 NaDiVeG: Industry-specific issues
Declaration of the Executive Board in support of the UNGC principles.	UNGC: Principles 1–10
NOVOMATIC respects the right to freedom of association in all subsidiaries. Employment contracts within the subsidiaries are subject to various degrees of collective bargaining agreements.	UNGC: Principle 3
NOVOMATIC is against any form of forced labor within its business and that of suppliers.	UNGC: Principle 4
NOVOMATIC is against any form of child labor within its business and that of suppliers.	UNGC: Principle 5
For all material issues the context of business activities, concepts, results of concepts, applied due diligence, material risks and non-financial performance indicators are described in the relevant chapters and paragraphs. All material issues are covered in the materiality matrix.	NaDiVeG: Material issues
See introduction to each relevant chapter and issue section.	NaDiVeG: Business model
See key figures and measures tables for each respective topic.	NaDiVeG: Applied concepts
See key figures and measures tables for each respective topic.	NaDiVeG: Result of concepts
	NaDiVeG: Due diligence processes
	NaDiVeG: Material risks
See key figures in the relevant chapters and issue paragraphs, as well as the inside cover and key figures notes on the non-financial report	NaDiVeG: Non-financial performance indicators
Non-financial reporting is carried out in accordance with the reporting standards listed in the Global Reporting Initiative (GRI), with the Sustainable Development Goals (SDGs), and taking into account the United Nations Global Compact (UNGC) principles.	SDG 12 Responsible Consumption and Production, Target 12.6 NaDiVeG: National, union-based and international frameworks

# AUDIT REPORT OF THE INDEPENDENT ASSURANCE

## on Non-Financial Reporting

### Introduction

We have performed procedures to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the (consolidated) non-financial report as of December 31, 2021 has not been prepared, in all material respects, in accordance with the reporting criteria. The reporting criteria consist of the Sustainability Reporting Standards GRI Standards: Core Option issued by the Global Sustainability Standards Board (GSSB) as well as the requirements for the report stated in §§ 243b and 267a UGB (NaDiVeG).

Further, we have performed procedures to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the EU taxonomy information disclosed is not prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the accompanying Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

### Responsibility of the Legal Representative

The legal representatives of NOVOMATIC AG are responsible for the preparation of the report content in accordance with the reporting criteria and for the selection of the disclosures to be verified. The reporting criteria include the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Standards Board (GSSB) and the reporting requirements mentioned in §§ 243b and 267a UGB (NaDiVeG). Furthermore, they are responsible for collecting the disclosed information on the EU taxonomy in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

This responsibility includes the selection and application of appropriate methods for preparing the report, making assumptions and estimates of individual non-financial disclosures that are plausible under the given circumstances. The responsibility of the management includes further designing, implementing, and maintaining internal controls, which have been determined as necessary by management for the preparation of a (consolidated) non-financial report free from material misstatement, whether due to fraud or error.

### Responsibility of the Auditor

Our responsibility is to express a limited assurance opinion on whether the (consolidated) non-financial report is prepared, in all material respects, in accordance with the reporting criteria. The reporting criteria consist of the Sustainability Reporting Standards GRI Standards: Core Option issued by the Global Sustainability Standards Board (GSSB) as well as the requirements for the report stated in §§ 243b and 267a UGB (NaDiVeG).

Further, based on our audit procedures, our responsibility is to express an opinion with limited assurance as to whether any matters have come to our attention that cause us to believe that the disclosed EU taxonomy information has not been prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the accompanying Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

We conducted our engagement in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the

International Auditing and Assurance Standards Board (IAASB) in order to obtain limited assurance on the subject matters.

ISAE 3000 (Revised) requires us to plan and perform the engagement in a way that enables us to obtain limited assurance that nothing has come to our attention that causes us to believe that the (consolidated) non-financial report has not, in any material aspect been prepared in accordance with the reporting criteria of GRI Standards: Core option, §§ 243b and 267a UGB (NaDiVeG), as well as the disclosed information on the EU taxonomy have been prepared in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

In a limited assurance engagement, the evidence-gathering procedures are more limited than in a reasonable assurance engagement and therefore, less assurance can be obtained. The choice of audit procedures lies in the due discretion of the auditor.

As part of our audit, we have performed, inter alia, the following audit procedures and other activities as far as they are relevant to the limited assurance engagement:

- Interview of the employees named by NOVOMATIC AG regarding the sustainability strategy, sustainability principles and sustainability management
- Interview of employees of NOVOMATIC AG to assess the methods of data collection, data processing and internal controls
- Comparison of the non-financial disclosures shown in the (consolidated) non-financial report with the calculation documents provided
- Execution of a media analysis
- Video conference with the people responsible for the non-financial indicators of a Serbian and North Macedonian subsidiary
- Review of the disclosed information on the EU taxonomy for compliance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the supplementary Delegated Regulations (EU)2021/2178 and (EU) 2021/2139
- Furthermore, we conducted procedures regarding whether the reporting requirements of §§ 243b and 267a UGB (NaDiVeG) were met with the (consolidated) non-financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The subject matter of our engagement is neither an audit of financial statements nor a review of financial statements. Likewise, neither the detection and clarification of criminal offences, such as embezzlement or other acts of breach of trust and administrative offenses, nor the assessment of the effectiveness and efficiency of the management is the subject of our engagement.

## Summarized Conclusion

Based on our work and the evidence we have obtained, nothing has come to our attention that causes us to believe that the (consolidated) non-financial report of NOVOMATIC AG as of December 31, 2021 has not, in any material aspects, been prepared in accordance with the reporting criteria of the Sustainability Reporting Standards (GRI Standards: Core option) issued by the Global Sustainability Board (GSSB).

Furthermore, nothing has come to our attention that causes us to believe that the reporting requirements of §§ 243b and 267a UGB (NaDiVeG) are not met with the (consolidated) non-financial report.

Furthermore, based on our audit procedures, nothing has come to our attention that causes us to believe that the EU taxonomy information disclosed is not prepared, in all material respects, in accordance with Regulation (EU) 2020/852 (Taxonomy Regulation) and the accompanying Delegated Regulations (EU)2021/2178 and (EU) 2021/2139.

## Engagement approach

The basis for this engagement are the "General Conditions of Contract for the Public Accounting Professions", as issued by the Chamber of Tax Advisers and Auditors in Austria (refer to appendix). In accordance with chapter 7 of these terms and conditions, our liability shall be limited to intent and gross

negligence. In cases of gross negligence, the maximum liability is limited to a maximum of five times the fee. This amount constitutes a total maximum liability cap, which may only be utilized once up to this maximum amount, even if there is more than one claimant or more than one claim has been asserted.

Vienna, March 23, 2022

**Deloitte Audit Wirtschaftsprüfungs GmbH**

**Gerhard Marterbauer**  
Certified Public  
Accountant

\*) Attention: This report has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

# IMPRINT

In order to improve readability, some terminology is used only in its masculine form. Nevertheless, all passages refer equally to members of both genders.

We have prepared this report with the utmost care and have checked the data therein. Nevertheless, errors arising from rounding, typesetting or printing cannot be excluded. The aggregation of rounded amounts and percentages may result in rounding differences due to the use of automated computational aids.

This report includes forward-looking statements based on information currently available to us. These forward-looking statements are usually identified by expressions such as “expect”, “estimate”, “plan”, “calculate”, etc. Please note that various factors could cause actual circumstances – and therefore also actual results – to deviate from the expectations outlined in this report. Statements referring to people apply to both men and women.

This annual report is also available in German. In the event of disputes, the German version shall take precedence.

## **Media Owner and Publisher**

NOVOMATIC AG  
Wiener Strasse 158  
2352 Gumpoldskirchen  
Tel.: +43 2252 606 0  
E-mail: [info@novomatic.com](mailto:info@novomatic.com)  
Commercial register number: FN 69548b  
[www.novomatic.com](http://www.novomatic.com)

## **Project Lead and Editorial Department**

**NOVOMATIC AG:** Group Marketing & Communications,  
Group CR & ESG and Group Finance  
**Editorial deadline:** March 31, 2022

## **Concept and Design**

**NOVOMATIC AG:** Group Marketing & Communications and  
Kobza and the Hungry Eyes GmbH

## **Implementation and Editing**

Produced in-house with firesys; Susanne Spreitzer

## **Photography**

ADMIRAL, European Brand Institute, Greentube, KTHE,  
Thomas Meyer Photography, NOVOMATIC, Katharina Schiffel,  
G4, SAGSE, Shutterstock

## **Print**

Print Alliance HAV Produktions GmbH, 2540 Bad Vöslau

