

# THE BUSINESS YEAR OF THE GAUSELMANN GROUP

# 2022



+ Special section:  
Sustainability in the  
Gauselmann Group



GAUSELMANN GROUP



The 2021 financial year was significantly impacted by the effects of the coronavirus pandemic.

In EUR million	2019	2021	2022
Revenues of all group entities (cumulative)	3,416	2,566	3,630
Revenues (fully consolidated)	2,575	1,830	2,578
– of which in Germany	998	783	1,139
– of which international	1,577	1,047	1,439
Equity and capital contributions	1,116	1,277	1,253
Equity ratio	66.4%	61.7%	57.9%
Investments	225	195	249
Workplaces at year's end (full-time equivalents)	13,846	14,492	14,905
– of which in Germany	12,313	12,583	12,881
– of which international	7,367	7,740	7,757
– of which temporary employment	6,479	6,752	7,148
– of which apprentices and trainees	247	264	315
	227	191	176

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

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



**OUR MOST IMPORTANT BRAND VALUES**

<p><b>GAMING FUN</b></p> 	<p><b>PASSION</b></p> 	<p><b>INNOVATIONS</b></p> 
<p><b>PROFESSIONALISM</b></p> 	<p><b>RELIABILITY</b></p> 	<p><b>SUSTAINABILITY</b></p> 

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# Sustainability in the Gauselmann Group

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*Armin Gauselmann**Paul Gauselmann*

At last there seemed to be light at the end of the tunnel: after three challenging coronavirus years, in 2022 the pandemic slowly but surely came to an end. Coronavirus protection measures were largely lifted and our day-to-day lives gradually returned to normality. Then, just as we thought we could finally breathe a sigh of relief and look confidently to the future, the next crisis hit: the war in Ukraine, accompanied by the energy and cost-of-living crisis. Another business year followed that made huge demands on all of us and presented us with enormous challenges.

But despite the state of permacrisis, we managed to keep the Gauselmann Group on a path to success and – at least in terms of revenues – achieved a return to pre-Covid-19 levels. Thus the cumulative sales revenues of all group entities grew significantly to 3.6 billion euros, while fully

consolidated sales revenues amounted to 2.58 billion euros. This was accompanied by investments, which at 249 million euros were at a record high. The number of workplaces also continued to rise, specifically to 14,905 at the balance sheet date.

This impressive development is first and foremost attributable to our employees, whose drive and tireless commitment have ensured that the Gauselmann Group has emerged with renewed strength from the current crises. Together we have overcome the challenges we faced and all in all, despite the circumstances, can look back on the past business year with pride and satisfaction.

The wide-scale easing of coronavirus protective measures, for example, allowed us to resume our trade fair activities abroad. With appearances in Las Vegas, Lima, Madrid, Boxmeer and Sofia, we were at last able to showcase our first-class products again at major and international trade fairs. In the national market, too, we exhibited our products in typical MERKUR style, and celebrated the 11th industry summit in the company's history at the Forum Messe Frankfurt with more than 1,300 guests. Once again, the mix of products, politics and party proved to be the recipe for success of our popular sales event.

We also had reason to celebrate in the online gaming segment in Germany, becoming one of the first providers to be granted permission to operate virtual slot games under German law. Since the beginning of August 2022, we have finally been authorised to offer our popular MERKUR games online in Germany and thus legally provide first-class gaming fun on the worldwide Web. In the meantime, the overall number of our online gaming platforms has grown to half a dozen. The gaming market in the UK has been proof for years that an online-based and a bricks-and-mortar gaming offering can successfully coexist side by side. This will also be the case in Germany once the laws are relaxed.

In order to also anchor the business activities in the areas of sports betting and online gaming at the most senior management level, we have established a corresponding Management Board function, and in Stefan Bruns have appointed a very competent man at its helm. Stefan Bruns is a long-standing and experienced manager in our group and took up his new position in April 2023. His main focus will be the sports betting segment. We wish him every success for the new tasks ahead and a healthy dose of good old-fashioned luck!

In land-based gaming operations, the Gauselmann Group is also continuing to gain momentum. The takeover of the four North Rhine-Westphalian

casinos gave us the opportunity to establish two further locations in NRW. We put 2022 to good use, intensively preparing for the opening of the fifth NRW venue, which, following completion of the lavish build, opened its doors in Monheim am Rhein in spring 2023 as Germany's largest and most modern casino, thus setting new standards in the casino sector going forward. The legal framework governing the operation of gaming arcades in Germany remains a cause for concern, which – there's no other way to describe it – renders the offering unattractive and thus opens the door to illegal gaming channels.

By contrast, international operations have continued to grow in importance for the Gauselmann Group, with business activities in the European and Central American markets accounting for around 60 per cent of the group's total sales revenues in the past business year. Our successful international business activities allow us to further reduce our dependency on the German market, where the legal framework has been deteriorating for years now.

Our diverse sustainability activities also contribute to the future viability of the Gauselmann Group. To us as an entrepreneurial family, sustainability means thinking in generations and sharing the company's success. We must tackle the big and global challenges resolutely today and cannot just leave them for our children and grandchildren to resolve. In an effort to coordinate our activities in the area of sustainability and assume central tasks such as materiality analysis or reporting, we therefore set up the central Sustainability department in 2022.

Summing up, we can say that in the 2022 business year joy and sorrow, highs and lows often lay very close together, but that we continue to look confidently to the future.

Yours sincerely,



Paul Gauselmann



Armin Gauselmann



***“The world is changing and we are evolving with it. We are responding to the dynamic market and the increasing regulations worldwide with creativity, flexibility and professional expertise. Thus, even in challenging times we are able to produce innovative products and system solutions for gaming enthusiasts around the world.”***

Werner Kurt Schröer,  
Management Board member, Development and Technology

## RESEARCH, DEVELOPMENT AND PRODUCTION

The Gauselmann Group has more than 1,000 employees entrusted with the research and development of games, gaming machines, applications and system solutions. At 27 development locations in Germany, the UK, Austria, Spain, Italy, Serbia, Bulgaria, India, Australia and the USA, the teams specialise in identifying global and national trends as well as market and customer demands and translating these into relevant products, while taking into account the general legal and cultural framework. The link between the international development sites is adp MERKUR GmbH, based in Lübbecke, which develops nearly all basic technologies for the group.

The extensive development activities of the Gauselmann Group were rewarded with the successful launch of new products in the national and international markets in 2022. This has included extending the German games portfolio through the addition of new titles featuring power spins, currently the most popular MERKUR games system. Games with power spins have proven extremely successful in national gaming arcades, prompting the Research and Development

department to come up with an international and an online version of this feature. Tower games made by MERKUR have also become an indelible fixture of the German arcade landscape, and in 2022 the tower game Anuris was successfully launched for the M-MOTION multigamer.

Linked progressive jackpot systems are becoming increasingly popular on the international gaming markets. adp MERKUR recognised this trend and launched the jackpot systems Solar Link, Link Zone and MERKUR Mystery in the reporting year. Another research and development focus was the launch of the ZONIC premium multigamer in international markets. Already a success on the German gaming market since 2021, the company also rolled out the ZONIC cabinet in the Netherlands, Spain and the UK in the 2022 business year.

With MARS (Machine Administration and Reporting System), adp MERKUR offers a proprietary casino system that links all machines in a gaming arcade or a pub to one server, thus allowing centralised management and control. Following its successful introduction in the UK, Serbia and Spain, the system was also rolled out in Mexico and Peru in 2022. The MERKUR NET in-house networking system, which is well established in the German market, received further updates and new functions, making it even more performant.

In order to make the OASIS blacklist search prescribed in the German State Treaty on Gambling ("GlüStV 2021") more convenient and practical for players, the Smart Check-in player app was successfully introduced. As an alternative to the player card, the app allows players to run the blacklist query and activate machines with their own smartphone.

With its subsidiaries Geldwechsel- und Sicherheitstechnik GmbH (GeWeTe) and the HESS Group (HESS), the Gauselmann Group can draw on in-house development capacities in the area of cash and ticketing. Both subsidiaries develop, produce and distribute money-processing system solutions. The Gauselmann Group consolidates the development of certified and customisable online payment options within the Euro Payment Group (EPG). As a certified e-money institution, the subsidiary's main focus is on the paylado e-wallet, which was launched in 2020.

In the UK, the Gauselmann subsidiaries Blueprint Gaming Limited (Blueprint Gaming), based in Newark, is one of the three leading multi-platform developers and providers of digital games. Its portfolio includes over 200 games that are currently available not only online and on mobile devices, but also on over 100,000 gaming machines in the UK, Germany and Italy. Spain is home to the subsidiary MERKUR DOSNIHA. In addition to product sales, this is responsible for the development of device software and games content specifically for the Spanish market.

The Gauselmann Group is also present in India with two game development studios: MERKUR GAMING India Pvt. Limited (MERKUR GAMING India) and Lucky Nugget Gaming Pvt. Limited (Lucky Nugget). MERKUR GAMING India is entrusted with the development of classic slot machine and online games as well as mobile applications and the MERKUR HELPER service app. In addition to video graphics (in collaboration with other game design studios), the game design studio Lucky Nugget also develops "conventional" games.

The online games developed by adp MERKUR, Blueprint Gaming and MERKUR GAMING India are licensed by the Hamburg-based Gauselmann subsidiary edict egaming GmbH (edict) for the different jurisdictions and activated for the various online platforms. Blueprint Gaming distributes its online games content via its own remote game server in the UK and in Ontario, Canada, among other places.

The Austrian Gauselmann subsidiary CASHPOINT Solutions (CASHPOINT) specialises in the development of integrated solutions for the bricks-and-mortar and the Internet-based sports betting market. After the Research and Development team laid the necessary groundwork in the reporting year, it is planned to migrate the online games and online sports betting offering from the CASHPOINT platform to the even more powerful platform of software specialist and Gauselmann subsidiary Bede Gaming (Bede) in 2023.

In the 2021 financial year, adp MERKUR developed MERKUR eSOLUTIONS, creating a link between land-based and online gaming. The first test installations of the hardware and software solutions followed in the reporting year. To date, the shops of the renowned sports betting providers Bet3000 and Tipwin are among those to use MERKUR eSOLUTIONS. In addition to adp MERKUR, the group companies CASHPOINT, GeWeTe and EPG are involved in this hybrid gaming offering.

Despite a number of challenges, such as the considerable supply chain problems or the constantly changing legislative environment in the sports betting and online gaming segments, Research and Development can look back on a successful 2022 business year, which saw a large number of new products launched on the national as well as international markets. In the 2023 financial year, a main focus for Research and Development will be the strengthening and expansion of national and international games content for both the terrestrial as well as online gaming market.

## BUSINESS SEGMENTS OF THE GAUSELMANN GROUP

The Gauselmann Group currently divides its business activities into three segments. The **MERKUR** business segment consolidates the development, production and sale of games and gaming machines in Germany and abroad, as well as the development and marketing of online casino solutions and online games. In addition, the cash and ticketing activities of the Gauselmann Group as well as financial services also fall under the remit of the **MERKUR** business segment.

The **Gaming Operations** business segment subsumes the activities of the Gauselmann Group as an operator of arcades, land-based casinos and casinos on cruise ships in Germany and other European countries.

With effect from 1 April 2023, the company has also launched a new business segment: the **Sports Betting and Online Gaming** business segment combines all of the Gauselmann Group's national and international business activities in the areas of sports betting and virtual slot games.

### MERKUR



*“Despite the many vicissitudes that the year 2022 brought, at all times we took a solution-oriented approach to tackling the respective challenges. This once again enabled us to strengthen our position with our innovative products in the various national and international markets in the 2022 business year.”*

Jürgen Stühmeyer, Management Board member,  
MERKUR Sales

## GAMING OPERATIONS



***“For years, it has been above all the hugely restrictive legal directives that have shaped our business and kept our industry on tenterhooks. However, from the outset we have impressively proven our capability for finding the best possible solutions even in the most challenging circumstances and always wowing our players with a top-notch offering of games and services.”***

Dieter Kuhlmann, Management Board member,  
Gaming operations

## SPORTS BETTING AND ONLINE GAMING

***“Despite the proliferating restrictions, we can look back on a successful 2022 financial year in the Sports Betting and Online Gaming business segment. One particular milestone was obtaining the licence to operate virtual slot games. This has enabled us to also make our popular slot games – with the necessary changes – available online in Germany, and thus legally provide first-class gaming fun.”***

Stefan Bruns, Management Board member, Sports Betting and Online Gaming (from 1 April 2023)



## SALES OF GAMES AND AMUSEMENT AND GAMING MACHINES: GERMANY

### adp MERKUR GMBH

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

Since 1 March 2022, the former adp Gauselmann GmbH has traded under the name adp MERKUR GmbH, thus merging the company motto “adp – aus der Praxis” (from the field) with the globally successful MERKUR corporate brand. The Gauselmann Großhandel and MERKUR Spielgeräte Service GmbH subsidiaries have also been aligned with the MERKUR company name and now operate as MERKUR GROßHANDEL and MERKUR SERVICE GmbH.

The 2022 financial year presented adp MERKUR with many challenges, including factors such as increased prices, a scarcity of materials, supply bottlenecks and staff shortages caused by the Ukraine war, inflation and the coronavirus pandemic. These were compounded by industry-specific circumstances that hampered national operations. Regulations such as the state arcade laws and German non-smoker protection legislation, as well as longer blacklist bans and the nationwide introduction of the OASIS player blacklist, led to a noticeable decline in opera-

tors’ readiness to invest and in players’ spending power. Arcade concessions and gastronomy locations had to be given up. Consequently, the German market suffered a 30 per cent decline, which also impacted on adp MERKUR’s licence portfolio.

Given the difficult national framework conditions, adp MERKUR increased its focus on products that sustainably enhance the one-to-one interaction between player, gaming machine and games offering. To this end, the frame concept developed for the successful ZONIC cabinet was extended with the introduction of two new frames, ORGANIC and ZENTER. The multigamer is thus now available in nine versions. The exclusive ZONIC ZONE set-up concept, which combines two or four multigamers with various design elements to create a bespoke gaming zone, was also extended by the ZONIC ZONE EGYPT variant.

The V23 games package generation introduced in the reporting year contributed to even more excitement and variety in slot machine games. One example is the ALLSTARS games package, which was enhanced with the MIDAS HAND respin feature in 2022, bringing the number of additional features to a total of seven. ALLSTARS gives operators the option of selecting a feature that matches players’ gaming preferences and quickly and easily swapping it out for a different one if required. The power spins games also proved very popular in the past year, and were extended by the title Multi Wild Power Spins. To better meet the growing demands of players and entrepreneurs in the pub and restaurant sector, adp MERKUR also presented TANO. This additional feature has been specially designed to meet the needs of the gastronomy segment and offers pin-sharp graphics in HD quality.





The mandatory introduction of the OASIS blacklist search in 2021 reinforced the importance of high-performance location and device networking. For this reason, the MERKUR NET and the PLAY SAFE & EASY S gastronomy activation solution have been upgraded to include the option of blacklist searches.

Many of the new products were presented for the first time at the industry summit sales event in 2022. More than 1,000 guests accepted adp MERKUR's invitation to the Forum at the Messe Frankfurt exhibition centre and enjoyed an extensive product exhibition, informative expert keynotes and a spectacular evening gala.

Customer satisfaction with the adp MERKUR product portfolio was reflected in a very high order volume, especially in the fourth quarter of the reporting year. Nevertheless, adp MERKUR anticipates a dynamic 2023 business year that will continue to be shaped by the repercussions of the Ukraine war and inflation. The nationwide legal restrictions are also expected to contribute to a slight decline in market size. To counteract this trend, adp MERKUR will create attractive incentives for investments and new business with regular promotions and thus successfully maintain its market leadership.

## MERKUR SERVICE

As the service provider of the Gauselmann Group, MERKUR SERVICE GmbH supports operators with the successful operation of MERKUR products. With its Germany-wide service technician network, the FREE&EASY all-inclusive maintenance service, professional telephone support, spare parts supply with same-day dispatch, as well as the MERKUR SERVICEBOX for stocking spare and replacement parts, MERKUR SERVICE offers practical support.

Via the MERKUR HELPER app, customers can manage a wide variety of service tasks at any time and any place. The integration of augmented reality

even enables real-time video consultation directly from the app. The MERKUR HELPER was internationalised for the first time in the reporting year and successfully rolled out in the UK.

MERKUR SERVICE also supports its customers in the accreditation process in the area of gaming arcade certification and regularly organises (online) training sessions, seminars and product training. This includes the popular technical event in Mallorca, which was held for the 15th time in 2022.



*MERKUR SERVICE at a customer event in Mallorca.*



## MERKUR GROßHANDEL

As a sales organisation, MERKUR GROßHANDEL is responsible for the marketing and sales of adp products in Germany. Via a network of ten branches throughout Germany, employees personally advise and support customers in all matters relating to slot machine games. Under the motto “MERKUR May Days”, the traditional in-house spring trade fairs took place in the wholesale branches. The industry summit was followed by the autumn trade fairs, which showcased the company’s new products nationwide in accordance with the motto “From the Field into the Future”.

## SCHNEIDER AUTOMATEN

In addition to MERKUR GROßHANDEL, the Schneider Automaten subsidiary with its eight branch offices throughout Germany is another important sales branch for the products manufactured by adp MERKUR. The wholesale company also trades with amusement and gaming machines as well as accessories and training programmes from other manufacturers and a proprietary software

solution for managing social concepts. In 2022, Schneider Automaten presented its product range at the Info Days and in-house trade fairs in the branches. The company operates another location with Walberer Automaten in Essen.

## MERKUR FREIZEIT LEASING

The manufacturer financing company MERKUR Freizeit Leasing (MFL) has been offering its customers a wide range of services, from attractive rental and leasing concepts to the licensing of games packages and insurance concepts, for over 30 years now. Customers benefit from a hand-in-hand concept based on close collaboration with other subsidiaries of the Gauselmann Group. The effects of the political restrictions, the still ongoing, though diminished, repercussions of the coronavirus pandemic, and the war in Ukraine led to a fairly challenging year for MFL. While the company was still able to hold its own in the market with its range of services, it nevertheless suffered a decline in sales revenues.

## SALES OF GAMES AND AMUSEMENT AND GAMING MACHINES: INTERNATIONAL OPERATIONS

On international markets, MERKUR products are sold under the international development and sales brand MERKUR GAMING as well as via the Spanish sales and development company MERKUR DOSNIHA S.L. In the UK, the Blueprint Group is responsible for sales and development activities.

### MERKUR GAMING

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

The business activities are conducted in gaming arcades, the gastronomy sector and casinos in the regulated markets of Europe, South Africa and Latin America. Within the Gauselmann Group, the products can be found in the international gaming arcades of MERKUR CASINO, MERKUR SPIELBANKEN in Germany, as well as in MERKUR CASINO MARE cruise ship casinos. In the year under review, new distribution channels were opened up to Guatemala and the Caribbean.

One of MERKUR GAMING's core competences is the capability to analyse country-specific gaming preferences and, in compliance with the respective laws and regulations, translate them into relevant products. With its ever-new game concepts, diverse game systems and its constantly growing multigame portfolio, MERKUR GAMING once again successfully held its own in the international arena in the reporting year. For example, the ZONIC premium multigamer was introduced in the German casinos, and on account of the very good sales in Dutch casino operations for the first time earned MERKUR GAMING first place in Fantini's Gaming Report from the USA as "Best Multigame" in the EMEA region.

Linked jackpot systems again proved to be a driving force for product performance in the reporting year. After a successful test phase for the proprietary Link Zone and Solar Link developments in 2021, distribution to the international casinos followed in the year under review. Both jackpot systems have two progressive jackpots each, linked to several gaming machines, as well as two scalable bonus prizes. The company also rolled out an additional jackpot system, MERKUR Mystery, in the reporting year.

MERKUR GAMING attaches great importance to presenting its latest games and cabinets at the relevant international trade fairs and fostering a personal exchange with its customers. For the first time since the pandemic, the sales teams were once again able to present the MERKUR product portfolio at the Global Gaming Expo (G2E) industry trade fair in Las Vegas in 2022.





For the 2023 financial year, MERKUR GAMING is anticipating a uniformly positive business development. Optimisation of the jackpot systems and the launch of a new cabinet in the fourth quarter will contribute significantly to the company's success and set the course for a promising future.

### **MERKUR DOSNIHA**

Business activities in the Spanish market are handled by MERKUR DOSNIHA. The company's approximately 100 employees are involved in the development and adaptation of games for the Spanish market and the distribution of gaming machines. In addition to its headquarters in Palma de Mallorca, the company operates branch offices in Madrid, Málaga and Murcia, as well as a logistics warehouse in Alhama. It is planned to officially open an additional branch in Barcelona in 2023, thus providing MERKUR DOSNIHA with a sales network covering the whole of Spain.



MERKUR DOSNIHA defended its position as the leading provider for gaming arcade operators in 2022. At the Madrid Show in early March, the company presented a number of novelties, including the Solar Link linked progressive jackpot system, a new common super-spin feature with six games as well as MERKUR MULTI SELECTION for the pub segment.

## BLUEPRINT GRUPPE AND REGAL GAMING TECHNOLOGIES

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

The Blueprint Group distributes its products to gaming arcades, bingo halls and pub operators in the UK. The group is made up of Blueprint Operations Limited (Blueprint Operations) and Blueprint Gaming Limited (Blueprint Gaming). Blueprint Operations is involved in the development and distribution of gaming machines for almost all market segments in the UK, while Blueprint Gaming develops and distributes games internationally for licensed online gaming markets. They are currently available in over 100,000 gaming machines in the UK, Italy and Germany.

The fellow subsidiary Regal Gaming Technologies is supplied with games and gaming machines by the Blueprint Group and trades as a B2B operator

of around 14,000 slot and amusement machines in over 4,500 pubs in the UK market. As such, in terms of size and quality Regal Gaming Technologies is the market leader in the pub segment and provides pub operators with a full-service package comprising maintenance, technical service and logistics. The company operates nine service centres across the UK. MERKUR CASINO currently operates more than 220 gaming arcades in the UK.

The 2022 reporting year was strongly impacted by the effects of global inflation, increased energy costs, the shortage of staff and considerable supply chain problems. Despite this, the Blueprint Group companies not only grew in their market segment, but actually recorded their most successful year to date. Blueprint Gaming successfully entered the markets in the Netherlands and Greece and achieved an export ratio of 20 per cent. Furthermore, following the staff layoffs during the pandemic, all group entities were once again taking on new hires in the reporting year in line with their business activities.

The Blueprint Group and Regal Gaming Technologies are well positioned for 2023 and in terms of revenue and earnings are expecting to surpass the reporting year.



*Blueprint Operations Limited presented its latest technologies and innovations at the product exhibition.*



## MARKETING OF ONLINE CASINO SOLUTIONS AND ONLINE GAMES

### MERKUR eSOLUTIONS

There is hardly any sphere of life that is untouched by the online world. Since the coming into force of the State Gambling Treaty 2021, the gaming machine industry has also gained access to this business segment. True to its success motto “register quickly, effect deposits and withdrawals simply, have fun gaming, betting or shopping online”, MERKUR eSOLUTIONS offer a modern 360° approach that links the land-based and online gaming worlds. MERKUR’s innovative hardware and software portfolio allows operators to offer their players a first-class omnichannel gaming experience while at the same time reaping the benefits themselves.

Thanks to innovative MERKUR eSOLUTIONS technology, players can register in no time at all for online gaming and the company’s proprietary paylodo e-wallet directly from gaming arcades, bars and restaurants or sports betting shops.

Converting cash into e-money and paying out credit balances is also instantly possible via MERKUR’s paylodo-compatible eSOLUTIONS hardware. By installing one of the terminals at their business, operators benefit from the MERKUR eSOLUTIONS offering threefold. They participate in their players’ gaming experience through every self-registration, through every online game played as well as through every paylodo transaction – without having to operate their own online casino.

The continuous optimisation of the MERKUR eSOLUTIONS portfolio resulted in several promising collaborations in the reporting year – among others with the leading sports betting provider Bet3000. The company also paved the way for a further future partnership with Tipwin, which was sealed in February 2023. The continued success of MERKUR eSOLUTIONS also attracted attention at the 2022 Industry Summit. A separate large-scale area invited operators to learn about the innovative technologies and the lucrative participation model at [www.sonnenspiele.de](http://www.sonnenspiele.de). In the 2023 business year, the focus will be on preparations for further revenue opportunities, for example via e-commerce.

## **BEDE GAMING**

Bede Gaming (Bede) is a leading platform developer for online gaming platforms and also provides Web services for lottery, casino, sports betting and bingo hall operators. The company, headquartered in Newcastle upon Tyne (UK) and with additional locations in Sofia (Bulgaria) and Toronto (Canada), operates in Canada, the UK, South Africa and Malta. In the reporting year, it also obtained a gaming licence for Gibraltar. Bede has been majority-owned by the Gauselmann Group since 2020.

Bede Gaming is licensed by the Malta Gaming Authority (MGA) as well as the UK Gambling Commission, and is registered with the Alcohol and Gaming Commission of Ontario (AGCO). The software specialist is a Gaming Business Associate of the Alderney Gambling Control Commission (AGCC) and is ISO-27001-certified for its information security.

The gaming platform developed by Bede is currently leading, for example, in Ontario's booming online market. In the provision of sports betting and games content, the company cooperates with external partners. The platform is based on a single source code and open API technology, allowing customers to integrate software from third-party providers as well as customised tools. These include solutions for KYC (Know Your Customer) and CRM (Customer Relationship Management), payment methods, native apps, games and sports betting. The platform processes billions of transactions per year.

In the 2022 financial year, Bede was able to build on the successes of the previous year, with the focus on expanding the contractual business relations with the Ontario Lottery and Gaming Corporation, one of the largest lottery and gaming providers in the world.

In 2023, it is planned to migrate additional Gauselmann Group companies to the Bede platform. Bede believes it is well positioned to continue to drive the Gauselmann Group's successful online business and to accompany the market entry in Germany, New Zealand and Brazil.

## **EDICT EGAMING GMBH**

Software company edict egaming GmbH, with headquarters in Hamburg, specialises in the development and sales of gaming platforms and games for the online casino market in the B2B segment. Besides comprehensive technical services, the company also offers its customers pure software licensing.

With the increasing globalisation of the industry, the company's business activities have extended to cover the worldwide online casino market. A special focus is on distribution within the licensed markets of the European Union as well as on the South American market. The main business activities are conducted within Germany, edict's development location. Sales and the provision of technical services are handled by fellow subsidiaries in Malta and the Isle of Man. All companies have applied for, and have been granted, the necessary gambling licenses by the respective competent authorities. As edict is licensed extensively throughout Europe, the company can offer its products in almost all regulated markets.

In the completed 2022 business year, edict egaming GmbH was able to further expand its good competitive position in the regulated national and international markets. This was mainly attributable to the successes in the newly regulated markets in Germany and the Netherlands. The export share in the reporting year was approximately 20 per cent.

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

In 2022, edict focused on further developing its aggregator solution: from a pure supplier of games to a veritable games aggregator. Via an interface, the product allows a large number of external games suppliers to be integrated into the company's system with minimum effort. The company integrated four new games manufacturers into the aggregation platform in the reporting year. Both the market launch and the product itself were enthusiastically received by customers.

Despite these successes, the business development for 2022 unfortunately fell short of expectations. The reason for this was the delayed granting of operator licences by the German regulator, which did not happen until the fourth quarter and thus resulted in stagnating sales, especially in the very important German core market. On the back of increasing regulation and the planned further expansion into new markets, it was imperative to obtain ISO/IEC 27001 certification in the reporting year.

For 2023, edict anticipates a very positive development accompanied by significant sales growth on the German market – not least due to the granting of operator licences by the German regulator at the end of 2022. Furthermore, edict is also aiming to expand into the markets in Greece, Switzerland and Ontario (Canada) as well as to extend and intensify its sales activities on the South American market. In addition, the company is planning further expansion on the market for online casinos and sports betting portals.



## BLUEPRINT GAMING LIMITED

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

Its main activities are focused on the UK, where Blueprint Gaming commands a significant share of the market and generates a large part of its total sales. The export ratio is increasing consistently in line with the internationalisation of business.

Blueprint Gaming is licensed by the UK Gambling Commission and the Alderney Gambling Control Commission for the development and provision of online games. In the reporting year, the company presented over 60 new games, which can be enjoyed online as well as at land-based venues. The games offering developed by Blueprint Gaming is currently available in over 100,000 gaming machines in the UK, Italy and Germany.

Despite the global economic challenges caused, among other things, by inflation, Blueprint Gaming can look back on a successful 2022 financial year with continued growth, in which revenues and earnings exceeded the previous year's results. In addition, the company tapped into the markets in Greece and the Netherlands in the reporting year and began generating Canada and the USA as new licensed markets. To ensure this positive trend continues in the future, the company expanded its workforce in the reporting year in line with its business activities.

Blueprint Gaming plans to develop additional markets in 2023 in order to consolidate its position as one of the UK's leading providers of online slots over the long term.

## CASH AND TICKETING ACTIVITIES

In the area of money management, the Gauselmann Group has been successful in the market for many years with its subsidiaries GeWeTe Geldwechsel- und Sicherheitstechnik GmbH (GeWeTe) and HESS Cash Systems GmbH (HESS). Both subsidiaries develop, produce and distribute money-changing and payment systems.

### GeWeTe GELDWECHSEL- UND SICHERHEITSTECHNIK GMBH

The range of payment methods is increasing continuously and becoming ever more diverse, highlighting the importance of flexible and reliable money management. In cooperation with reputable suppliers, GeWeTe's 30 years of expertise encompasses suitable vending machine solutions for checking, issuing and recycling banknotes and coins. The subsidiary also specialises in processing and generating tickets and vouchers as well as the acceptance of cashless payment cards and e-wallets. The focus is at all times on relevant aspects of cash security.

GeWeTe develops, manufactures and distributes money-changing and payment systems as well as automated pay stations for customers in Germany and abroad. The main customer groups for the money-changing systems are gaming arcades and casinos. In Germany, GeWeTe also ranks among the leading providers of automated pay stations and ticket systems. In the sports betting segment, the company provides cash-handling solutions for sports betting

*GeWeTe machines have a wide range of possible applications.*

shops, and has currently equipped over 50 sports betting providers worldwide with its systems. In addition, GeWeTe's solutions are found in many other areas outside the gaming industry, including hospitals, shopping malls or railway stations.

While Germany remains the core sales market for GeWeTe products, international distribution is gaining in importance, and accordingly takes place worldwide. In the UK, Italy, Bulgaria and Spain, GeWeTe operates with its own teams of employees. The subsidiary's main business activities are concentrated here as well as in the rest of the Balkan region, and in all other European countries it has business relationships with distribution partners. However, the US market is also becoming increasingly interesting for the company and consequently the money management specialist strengthened its presence in the United States. Furthermore, the company is increasing its activities in Peru, where an employee was also hired. The share of exports in overall sales in the 2022 financial year was 49 per cent.

Sales of large-scale machines reached an export share as high as 58 per cent. Although the company is the clear market leader for money-changing systems in Germany, there continues to be almost no potential for expansion in this segment in Germany in light of new legal regulations through the state arcade laws and the resulting reluctance to invest. To compensate for this, GeWeTe already started to explore retail as a new business field in the 2020 financial year, further expanded it in 2021 and managed to achieve initial sales successes in the reporting year. GeWeTe expanded the product range in the sports betting segment and for small casinos with the introduction of the new Cash-Center Slim. This compact vending machine for sports betting, cashless systems and ticket processing was already sold in large numbers in the first few months of the year, both in Germany and abroad. Additional cashless solutions were also introduced, such as e-wallets and card payment systems for use both within and outside Europe. Furthermore, GeWeTe integrated a gateway for buying and selling cryptocurrencies into the company's in-house systems.



GeWeTe is continuously acquiring new customers. While the appetite for investment on the global markets continued to decline in the 2021 financial year due to the coronavirus pandemic, the subsidiary was again able to achieve a positive result in 2022. The number of employees also grew in 2022. Despite increased commodity prices, supply-side problems and worldwide closures of many customer locations, the past business year can be described as very successful.

In contrast to the tense situation on the global market, GeWeTe again forecasts a positive business development. For 2023, the company is targeting sales increases both for exports and for cash-handling systems for betting providers. In this segment, the subsidiary not only acquired new customers, but also entered new export markets. There are also plans to further expand the retail business field. Together with the money-changing systems and cashless payment-handling segments, GeWeTe expects to see sales increases here.

## HESS CASH SYSTEMS GMBH

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

The company offers its customers money-processing systems and integrated payment solutions, which it plans, builds and programs independently. The automated pay station, payment terminal and cash-handling solutions can be individually tailored to the needs of the different customer groups. In addition to high-performance hardware and software, the HESS product portfolio also includes digital solutions and services. The transformation from a provider of classic cash solutions to a service provider for digital solutions covering all areas of payment processing continued in the reporting year.



*Obtain coin rolls simply, securely and quickly via QR code or NFC with the HESS CoinRoll 124.*

The worldwide export of OEM (original equipment manufacturer) modules for coin processing is handled via the major ATM manufacturers NCR, KEBA and Diebold Nixdorf. HESS is present with these in over 40 countries around the world. The export ratio in the 2022 financial year remained stable and was unchanged from previous years at around 40 per cent.

Owing to the general decline in demand for cash-processing systems, HESS reported a downturn in business growth. The lower market demand also meant that the company was unable to improve earnings. As a result of targeted measures, however, product and service profitability remained stable while costs were optimised and extraordinary income was generated, which once again led to a positive company performance overall. At the end of the financial year, HESS had 184 employees on its payroll, including external personnel.

Although the Gauselmann subsidiary anticipates continued problems on the international procurement markets, the company is expecting to see slightly higher market demand for the 2023 financial year. The main challenge for the HESS Group going forward will continue to lie in shaping the transformation process from traditional cash solutions to digital transactions. Here, HESS benefits from its outstanding market positioning, its full-service approach and its own customer service offering.

## FINANCIAL SERVICES

### EURO PAYMENT GROUP

Euro Payment Group (EPG), which has its headquarters in Frankfurt am Main, is a payment services provider that specialises in the areas of online payment and gateway services. In the past business year, it moved its headquarters from Frankfurt to the Gauselmann Group's headquarters in Espelkamp.

EPG's Malta-based subsidiary holds an e-money institution (EMI) licence, which since mid-2019 it was able to use through porting in several European Union countries, including Germany, and which since 2022 has been valid in all EU states. EPG used this licence as the basis for launching the paylado e-wallet on the market in 2020 together with the partner company MERKUR SPORTWETTEN.

After a change in the CEO position in early 2021 accompanied by a company realignment, EPG concentrated on the operational roll-out of its paylado core product in 2022. Following an intensive initial test phase, the e-wallet was not only intro-

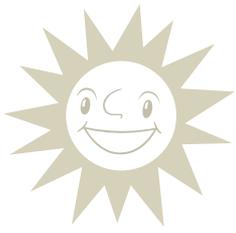
duced in the XTIP fellow subsidiary but, together with the partner Bet3000, was also marketed for the first time externally. Interest in paylado is very high, with contracts having already been concluded with other successful partner companies, predominantly in the sports betting market.

In the course of the reporting year, paylado was further developed into a fully fledged gaming wallet, offering users the prospect of benefiting from the convenient and user-friendly features in numerous other areas in the future. In addition to card integration, this also includes IBAN capability of customer accounts.

In the first half of the completed business year, EPG also opened an IT development centre in Bulgaria with the aim of increasing its development capacity and reducing its dependency on third-party providers. A second development centre went into operation in Greece in early 2023.

Within the scope of its business activities, EPG increased its headcount to 42 in 2022, ten of whom are already employed in Bulgaria.





## Sustainability in the Gauselmann Group

### **Gauselmann entrepreneurial family**

Why sustainability is a  
generational topic

### **ESG**

Dimensions of sustainability  
in the Gauselmann context

### **What is important**

The central Sustainability  
department positions itself  
regarding the next steps



**“We must tackle the big and  
global challenges resolutely  
today and cannot just leave  
them for our children and  
grandchildren to resolve.”**

***Paul Gauselmann***

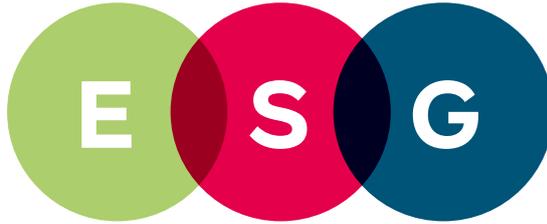


# Sustainability in the Gauselmann Group

**A**s a family-run company, we believe we have a special responsibility towards society, our employees and the environment. This is why *sustainability* (ESG – Environmental, Social, Governance) has been an integral part of our everyday operations for many years – even without legal regulations and requirements. ESG issues are firmly anchored within our entrepreneurial family as well as the Management Board, where they are supported and promoted.

*“Sustainability means thinking in generations and sharing the company’s success. We must tackle the big and global challenges resolutely today and cannot just leave them for our children and grandchildren to resolve.”*

Company founder and Chairman of the Management Board PAUL GAUSELMANN is especially proud that this premise is shared and supported by the subsequent generations of his family. ■



 ENVIRONMENT

Environmental pollution, greenhouse gas emissions, etc.

 SOCIAL

Job security, social commitment, etc.

 GOVERNANCE

Company values, control processes, etc.

# About us

To meet the increasing social, environmental and economic requirements – as well as the entrepreneurial family's own high standards – even better, the central Sustainability department (CSD) was set up. One of its tasks is to develop and establish comprehensive strategies for sustainable and responsible economic activity.

The department functions as a staff unit and reports to the Finances as well as Marketing, Communication and Political Affairs Management Board divisions. The team is headed up by SEBASTIAN KITZELMANN and NILS RULLKÖTTER. Project managers JOSEPHINE ROSEMEIER and LOUISA PFEIL are the contacts for group-wide ESG issues and are supported by MANUELA BLOEDORN as team assistant. ■



From left to right: Nils Rullkötter, Louisa Pfeil, Josephine Rosemeier, Sebastian Kitzelmann

## Sustainability as a Board-level topic

In addition to the entrepreneurial family, the **responsible project sponsors** on the Management Board are LARS FELDERHOFF, in charge of Finances, and MANFRED STOFFERS, who oversees the areas of Marketing, Communications and Political Affairs. Together with their staff, they play a key role in supporting the development and establishment of the new central Sustainability department throughout the entire Gauselmann Group.



Lars Felderhoff,  
Management Board member, Finances

*“We are currently seeing that the financial sector is the driving force behind the socially important topic of sustainability. This becomes directly apparent in our discussions with our banks. There is a very clear expectation that sustainability management is organised professionally.”*



Manfred Stoffers,  
Management Board member, Marketing,  
Communications, Political Affairs

*“In the political discussion, no one can avoid the topic of sustainability. This is another reason why I am pleased that the Gauselmann entrepreneurial family and the entire group of companies prioritise this topic so highly.”*

# Anchoring within the company

Successful sustainability management can only be achieved with the help of vertical, horizontal and cross-functional integration into the organisational structure, which was successfully implemented across the group last year. In order to keep the interests of the entrepreneurial family in mind at all times, JANIKA GAUSELMANN, granddaughter of the company founder, has assumed sponsorship of the project. She actively consults with the central Sustainability department and accompanies the different process phases. Furthermore, a Sustainability Steering Committee was set up last year, which is made up of the members of the Gauselmann Group Management Board. The Committee functions as a central decision-making body and steers our sustainability activities.

A uniform, group-wide understanding of sustainability can only succeed with the support of the various corporate divisions and central departments. We have taken this as an inducement to build a strategy team that works together with the central Sustainability department on the essential tasks of sustainability management and is also available as an advisory body.

The strategy team includes employees from the management levels (managing directors, central department managers and other representatives of the management levels) as well as experts from the respective departments. As with everything, our success is driven by the efforts of all our employees. The progress of the project is also regularly presented to the Advisory Board of the Gauselmann Family Foundation.

FOUNDATION ADVISORY BOARD



**Sustainability Steering Committee**

- Making general decisions
- Review and approval of results
- Advisory function

**Members:** members of the Gauselmann Group Management Board

**Central Sustainability department**

- Strategy preparation and implementation
- Overall project coordination and organisation
- Internal and external communication

**Members:** Sebastian Kitzelmann, Nils Rullkötter, Louisa Pfeil, Josephine Rosemeier

**Sustainability strategy team**

- Strategy and implementation oversight (sponsorship principle)
- Multiplier function
- Development of goals and measures

**Members:** managing directors, central department managers and other representatives

**Specialist departments**

*Human Resources*

*Purchasing*

*Energy Management*

*Occupational Health & Safety and Environmental Protection*

*Management*      *Internal Audit*

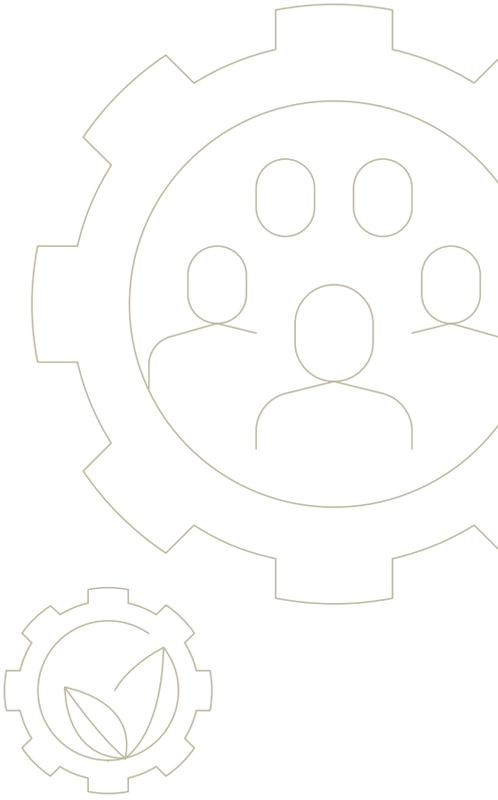
*Quality Management*

*Prevention*                      *Legal*

*Compliance*

**Janika Gauselmann**

- Project sponsorship
- Representing the interests of the entrepreneurial family





# Environmental protection

*Jürgen Wesemann, Environmental and Occupational Health and Safety Management Officer at adp MERKUR GmbH, explains in an interview the Gauselmann Group's long-standing commitment to the environment in the area of production.*

## **In your opinion, how important is environmental protection within the Gauselmann Group?**

As a commercial enterprise, the Gauselmann Group is aware of its responsibility towards people and the environment. That's why protecting nature and the environment has become an integral part of our everyday operating activities. I've been part of the group for 45 years and can say from my own experience that environmental management has evolved continuously, and sustainability projects have become more numerous and diverse.

## **Where do you see the strengths of ISO 14001 certification in production?**

With the voluntary ISO 14001 certification across all Gauselmann Group production units, we succeeded in 2013 in implementing an international sustainability standard. This enabled us to establish an environmental policy and corresponding objectives, taking into account legal obligations and information relating to significant environmental aspects at the production site. For us, this not only means support when it comes to minimising environmental risks, but also an impetus to develop our own ideas, such as using environmentally friendly LED technology for operating gaming machines and recycling rental and leased machines.

## ENVIRONMENT

Under the heading Environment, we consider those environmental aspects that we as a corporate group can influence.

The main focus will be on strategic climate change action, but environmental protection within our production as well as mindful resource management and the use of renewables are also important pillars for us in shaping the Environment criterion.

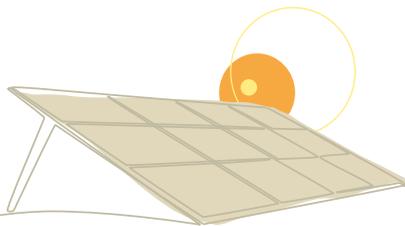
### **What perspectives do you see for the Gauselmann Group in environmental protection?**

The topic of sustainability is currently being promoted in all areas of society and is now addressed in all companies, thus opening up entirely new perspectives for environmental protection. I'm glad to see that environmental protection is becoming a group-wide issue and is gaining even more traction within our company. The implementation of ESG data management and the introduction of a sustainability strategy will enable us in future to target environmental protection group-wide in areas where it will have the greatest impact. ■

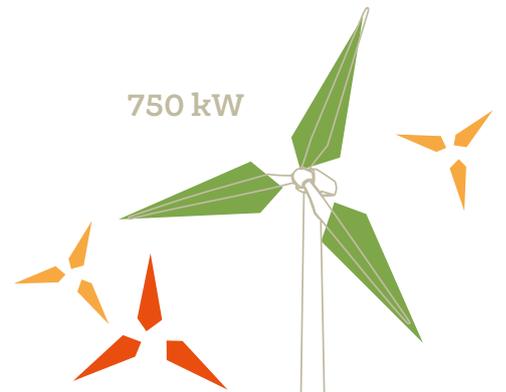


# Photovoltaic systems and wind turbines

2.3 m kWh



750 kW



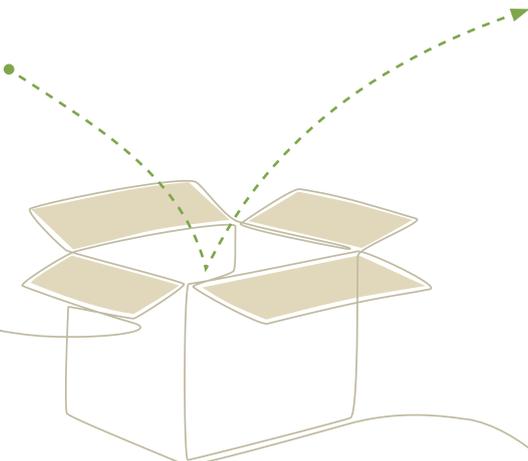
The Gauselmann Group has been focusing on sustainable power generation for over 20 years. The first renewable energy system went into operation at the Lübbecke development and production location in 1999. With an output of 750 kW, the wind turbine makes an important contribution to the power supply of our plant and we will continue to invest in this technology in the future. In addition, our company operates its own combined heat and power stations. Three of these innovative systems with a total electrical output of 181 kW are installed in Lübbecke and on our Schloss Benkhausen estate in Espelkamp.

However, solar energy is also used to generate electricity: the Gauselmann Group has 18 photovoltaic systems with an output of around 1,250 kW on the roofs of its own

properties throughout Germany. Lübbecke alone can boast around 500 kW of the overall system output on a roof area of approximately 3,500 m<sup>2</sup>. Taken together, the renewable and highly efficient plants generate over 2.3 million kilowatt-hours of electricity annually.

In addition, charging infrastructure is becoming increasingly important. Currently, the Gauselmann Group operates three charging stations, at which a total of over 600 vehicles were charged in 2021. Further charging points are already being planned or implemented.

# Machine recycling



The world economy depends on businesses to press ahead with new forms of innovation and value creation in response to global pressure. One important element of progress here is the concept of the circular economy. In contrast to the “throwaway economy”, the goal of the circular economy is to extend a product’s life cycle by sharing, leasing, reusing, repairing, reconditioning and recycling existing materials and products for as long as possible.

Drawing on various business models, for example implementing Product-as-a-Service (PaaS), we have succeeded in establishing the first steps towards a circular economy. In addition, we see the use of technology as a driving force for a successful circular economy. With the help of our product design and the use of a gentle dry ice cleaning process, we can already recondition, recycle and reuse 50 per cent of the components of national rental and leased machines. ■

## 50%

recondition,  
recycle,  
reuse.



## Training opportunities

*Konrad Ostermeier, Gauselmann Group training manager, explains in an interview the importance of equal opportunities and high-quality education for the Gauselmann Group.*

**What contribution does the topic of education make towards sustainability?**

The diverse challenges and opportunities for society as a whole that the topic of sustainability entails affect young people in particular. It is they who have the greatest influence over future developments and in turn will be affected by them the longest. I see education as a key element because, irrespective of the concrete subject, it has the effect of raising awareness and understanding of the importance of correlations between our own actions, society and the environment. The dual education approach in Germany imparts the teaching of skill sets that enable young people to find future-oriented solutions to these challenges.

**What areas do the educational and training opportunities offered by the Gauselmann Group cover?**

In the Gauselmann Group, our educational and training opportunities are not only aimed at our trainees, but also at school pupils. This ranges from projects with partner schools through to career guidance services. While building a drone, for example, pupils not only gain an understanding of IT and technology in a playful way, but also practise teamwork and project-related work. This has nothing to do with wanting to recruit every pupil for Gauselmann, but rather with making a contribution to career guidance in the overall context of the Eastern Westphalia-Lippe (OWL) region. Furthermore, each year we offer 100 students one-day internships within the scope of the KAoA programme ("Kein Abschluss ohne Anschluss" (no graduation without prospects)), an initiative of the state of North Rhine-Westphalia. This also has the purpose of slowly and in a structured way preparing young people to choose the occupation and educational path that best suits their personality and goals.

## SOCIAL

The idea that we as a company should give something back to the larger community is constantly lived and promoted by the Gauselmann family. Under the Social focus, we therefore commit to creating fair and safe working conditions, providing access to education and training, and promoting the health of our employees. As a company operating in the gaming industry, we also attach great value to providing gaming fun for our guests and, by the same token, to aligning our gaming offering with the best player and consumer protection under strict quality criteria.

### **How are apprentices and trainees promoted in the Gauselmann Group?**

The teaching of concrete learning content and the project-based approach are both covered by the training opportunities offered by the Gauselmann Group, for example through business language courses or working on cross-vocational projects such as the trainee home page. Flexibility is one of the core competences that young people need to develop for their future professional lives. We ensure this by preparing our trainees for constant change by sending them to trade fairs or switching workplaces within Germany or internationally. These special projects and location switches ideally take place in the 2nd year of training. In the final year of training, the focus shifts to the prospect of being offered a job and training for this position accordingly. ■





# Player protection

An essential component of social sustainability involves ensuring a healthy life and promoting well-being, because only by not losing sight of the continuity, the form and improving our social cohesion as a society can we act in a truly sustainable manner. For this reason, we have committed to consumer protection and to raising awareness for the potential risks of land-based and online gaming offerings.

To enable us to meet both the legal requirements and our own corporate quality standards in the areas of player and youth protection, we set up the central Prevention department back in 2010. This also requires scientific support, which we receive from an internationally recognised team of experts made up of members of the management and of the central Prevention department, as well as independent external experts. ■





Caroline Bückendorf and Tassia Giannopoulos are delighted to receive the "Healthy Employer" award.



## Occupational health management

Sustainable economic activity is only possible under healthy working conditions, which is why the mental and physical well-being of our employees is a top priority for us. One important element of this is our occupational health management, which addresses specific target groups. While managers are offered regular, specially tailored check-ups, we familiarise trainees differently, for example by homing in on the topic of nutrition, which plays an important role in their lives characterised by social media. It goes without saying that we also want to take our young employees' perspective into consideration and have therefore set up a dedicated "Occupational Health Management trainee team".

Our measures range from skin screenings and acute physiotherapy consultations to fitness courses such as yoga, Pilates and back workouts, as well as neuroathletics training and workplace massages.

In order to support our employees' mental health, we also offer them the possibility to consult a social worker in the event of problems and concerns that affect their everyday lives. ■



## Channelling mandate

*Bastian Scholz, Senior Manager Public Affairs at the Gauselmann Group, explains in an interview what role the Gauselmann Group plays in implementing the statutory channelling mandate.*

### **What does channelling have to do with sustainability?**

Actually, channelling is at the heart of our sustainability activities. That's because the legislator has set itself and licensed gaming providers a legal channelling mandate, which states that through our legal and secure offering we (and no one else) should supervise and steer the population's natural gambling instincts into orderly and supervised channels in order to combat black market activities. This is a strong mandate and it won't succeed without us!

By effectively protecting players and minors, preventing addiction and fraud in the legal gaming market, we strike at the heart of the mega issue of sustainability. We assume responsibility for the positive development of our society precisely in those areas where our core competences lie and we can do a lot for the common good.

### **How important is this channelling mandate for the Gauselmann Group?**

The driving force of successful channelling is gaming fun – our brand essence. Only if the legal offering is able to win over players by providing fun and quality can it fulfil its protection mandates. However, the obligations arising from our legal channelling mandate do not end with the gaming offering. In constant dialogue with politicians, authorities and the research community, we identify channelling barriers in the gaming law regulations and propose targeted improvements. Restrictive regulation renders our offering unattractive compared to the black market. Players are reacting: according to economist Justus Haucap, slot games have a black market share of 30–46 per cent – and this trend is on the rise. If the government takes its channelling duty seriously, it must align the framework conditions for legal providers accordingly.

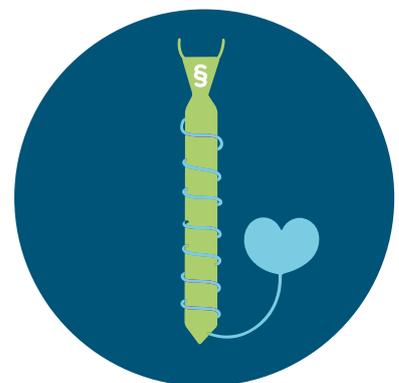
## GOVERNANCE

In the context of sustainability, the term Governance is understood to mean compliance with legal requirements. This implementation of responsible corporate governance is a matter of course for us, especially in the areas of compliance, anti-corruption and data protection. We also ensure respect for and protection of human rights by rigorously embedding this in our supplier management. Moreover, we understand our contribution towards responsible corporate governance under the channelling mandate stipulated in the German gaming laws to include the best possible enforcement of youth and player protection.

**Doesn't channelling the natural urge to gamble into the legal market through the most attractive games possible contradict player protection?**

Not at all, the exact opposite is in fact the case. Channelling isn't everything – but without channelling everything is nothing! The German State Treaty on Gambling defines right at the beginning five equally important objectives of gaming regulation in Germany – one of which is channelling.

In fact, however, it is logically upstream of the other objectives. Addiction prevention, youth and player protection, combating fraud and crime can logically only succeed in the legal market – i.e. under the premise of successful channelling. For us, channelling and player protection are therefore always two sides of the same coin. Only if we successfully channel the natural urge to gamble into the legal market through high-quality offerings can we ensure effective player protection there – and only there! ■



# Compliance Officer network

The term compliance covers many topics, ranging from data protection and the protection of trade secrets to the monitoring of developments concerning licensing and legislation. As a globally active group, we operate under diverse international legal regimes and therefore expect our Compliance Officers to be abreast of any new developments and continuously monitor changes to enable us to navigate these challenges

reliably and in full compliance with the law. Since 2014, we have held regular Compliance Officer workshops in which we discuss key points of the constantly growing number of laws and regulations worldwide, legal sources for avoiding risks and new options for action. The network spans 12 nations with 37 Compliance Officers. ■



37 Gauselmann Group Compliance Officers came together at Schloss Benkhausen for a two-day workshop.



## Supplier management

For us, corporate responsibility begins at the source, which is why sustainable procurement principles are an integral part of our supplier management. Through various working groups, we have set ourselves the task to implement social and environmental standards along our supply chains.

We conduct regular risk analyses, supplier surveys and supplier audits to help us to ensure compliance with our sustainability criteria in the supply chain. This forms the basis for future preventive and remedial action. ■

# Reporting

The central Sustainability department oversees non-financial reporting for the entire group with the aim to integrate our current sustainability projects across the Gauselmann Group centrally into the strategic alignment and coordination of sustainability activities. We have already

laid the foundations for successful sustainability management with the materiality analysis and the stakeholder dialogue, allowing us to look confidently to forthcoming projects.



2022

2023

2024

## JUNE 2022

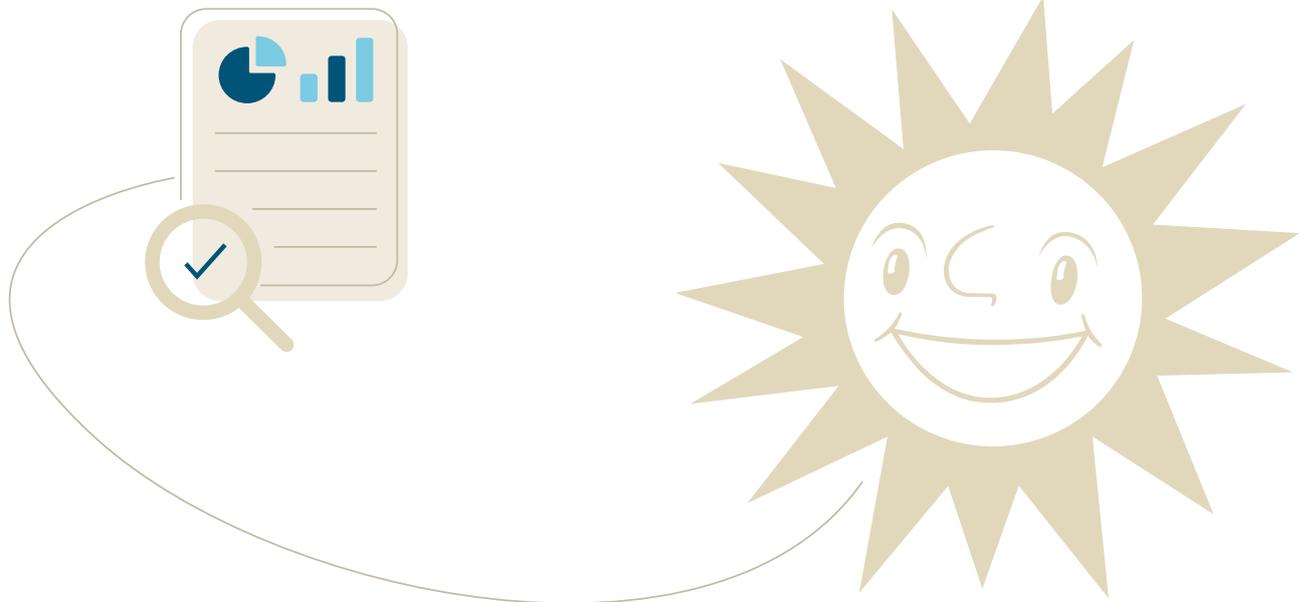
Adoption of the CSRD\*

## FROM DECEMBER 2022

Implementation  
by EU member states



\*CSRD: Corporate Sustainability Reporting Directive.



2025

2026

**JANUARY 2025**

Start to collect data for report

**JANUARY 2026**Start of mandatory reporting  
for the Gauselmann Group  
for 2025

In order to meet the EU's own target of becoming climate neutral by 2050 and thus fulfilling the EU Green Deal, mandatory CSRD\* reporting aims to increase the

accountability of European companies with respect to sustainability aspects and to introduce binding reporting standards at EU level for the first time. The CSRD\*

aims to close existing gaps in reporting requirements and generally broaden the scope of sustainability reporting. ■

# Materiality analysis

## 79

topics

## 39

business activities

## 54

persons involved

## 10,783

assessments

In order to realign our long-standing commitment to sustainability with the current challenges, we have carried out a materiality analysis to identify significant ESG topics for the Gauselmann Group. The materiality analysis forms the cornerstone for future sustainability reporting. It is also an essential step to be able to develop a sustainability strategy.

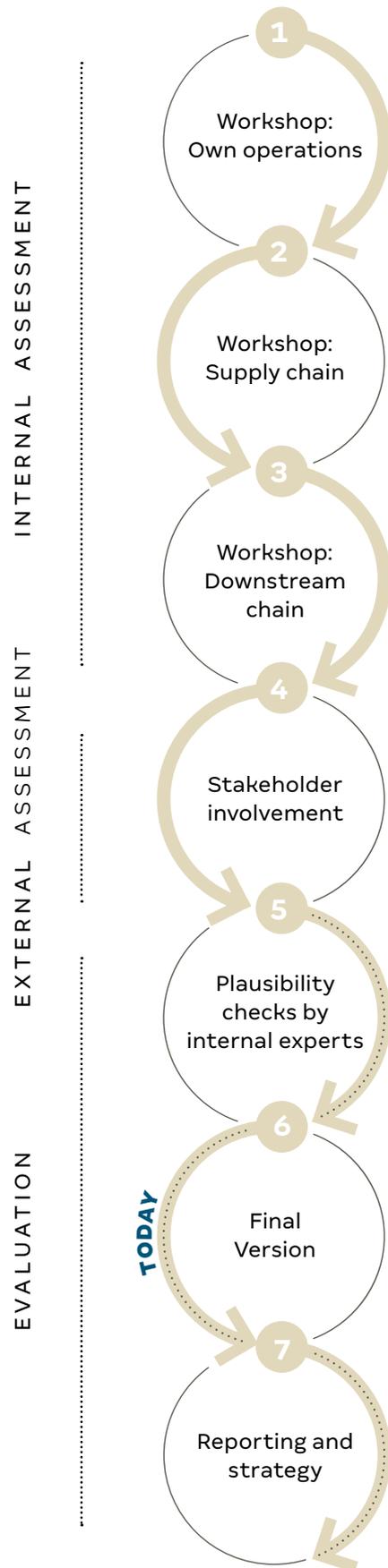
Compiling and assessing relevant ESG topics followed an extensive process to ensure that for all activities in the value chain material topics could be correctly identified and prioritised. This adhered to the guidelines of both the Global Reporting Initiative (GRI) and the Corporate Sustainability Reporting Directive (CSRD).

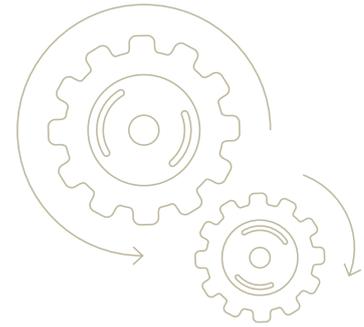
The starting point for the materiality analysis process was the establishment of a Sustainability Steering Committee and a strategy team. Cooperation with the Board members of the Steering Committee as well as close interaction with the strategy team ensured that all business divisions were given due and comprehensive consideration in the materiality process. In total, more than 30 persons from the Gauselmann Group were thus involved in the five-month process.

Over the course of ten workshops, interdisciplinary teams looked at different areas of the value chain and assessed both their actual and potential positive and negative impacts on the environment and society, as well as the opportunities and risks they present for the Gauselmann Group. ■

“In the workshops, we processed over 10,000 assessments altogether. The consistently high level of motivation and commitment of all colleagues involved throughout the entire process enabled us to achieve such a high-quality result.”

Josephine Rosemeier, Sustainability Project Manager





# Stakeholder dialogue

Our products and services impact communities and our environment in different ways. By the same token, our success and reputation are strongly influenced by the perceptions, expectations, needs and decisions of our stakeholders. In order to complete our materiality analysis and enable us to obtain a 360° view of the material topics, we for the first time conducted a stakeholder dialogue with a focus on sustainability.

The stakeholder dialogue took place in the form of individual, structured interviews. The key objective was to identify the needs and expectations of external stakeholders and relevant stakeholder groups in the areas of environment, social affairs and corporate governance. The diverse participants in the stakeholder dialogue included the Player Protection Commission, environmental and social initiatives, educational institutions, politicians and banks. We plan to further expand our stakeholder engagement in the coming years. ■

**“The valuable feedback from our stakeholders and relevant stakeholder groups provided us with new perspectives. This was an important learning experience for us, as it allowed us to harness potential, impressions and ideas. In justified criticism, we see opportunities to improve and grow.”**

**Louisa Pfeil**, Sustainability Project Manager



15

digital interviews

23

persons involved



### Partners in the stakeholder dialogue

- Banks and insurance companies
- Politicians and political advisors
- Media
- Verband Deutsche Automatenwirtschaft (German Amusement and Vending Machine Association)
- Educational institutions
- Player Protection Commission
- Customers
- Municipalities
- Environmental and social initiatives

# Sustainability

## – what is important to us

“Sustainability reporting makes our commitment measurable and assessable. This will allow us in future to strategically align ESG projects to ensure that they achieve the best possible effect.”

**Josephine Rosemeier** on reporting



“A transition to sustainable entrepreneurship can only succeed with the help of the right communication. Above all, we have to involve our employees and let the public participate in our improvement process.”

**Nils Rullkötter** on communication





“In order to be able to define a future-proof strategy, it is essential to ascertain the status quo. A large part of our daily work consists of setting up a data management system that meets the high-quality standards of the Gauselmann Group.”

**Sebastian Kitzelmann** on strategy



“Sustainability can only be wholly successful if all actors strive for improvements. As the Gauselmann Group, we will work determinedly to make our contribution.”

**Louisa Pfeil** on ESG improvement

## Sustainability in the Gauselmann Group

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## OPERATION OF GAMING ARCADES AND SLOTS IN THE GASTRONOMY SECTOR: GERMANY

Paul Gauselmann opened his first proprietary gaming arcade in Delmenhorst, Lower Saxony, in 1974. Almost 50 years later, MERKUR CASINO GmbH's portfolio includes around 350 of its own gaming arcades in Germany with just short of 3,600 staff and around 7,600 installed gaming machines. The four factors "unique atmosphere", "innovative products and games", "best service" and "qualified personnel" have proved to be real guarantors of success over the past decades and have propelled the MERKUR sun to the forefront of the German gaming industry.

In addition to operating national and international arcades, MERKUR CASINO GmbH is also responsible for arcade management and installations in pubs and restaurants. The installation of gaming and amusement machines in pubs, restaurants and snack bars as well as at motorway service and petrol stations is subsumed under the MERKUR GASTRO umbrella brand, which brings together numerous individual companies.

As a service provider, the company also supports slot machine operators in the operational management of their gaming arcades with its "Gaming arcade management exclusively by MERKUR CASINO".

### THE 2022 BUSINESS YEAR

Following the coronavirus years 2020 and 2021, almost all MERKUR CASINO branches across Germany were back up and running again throughout the 2022 business year. Saxony was the only federal state to have a lockdown in place during the first two weeks of the reporting year, which required the temporary closure of five branches. Coronavirus protection measures such as access restrictions based on the so-called 2G-/2G+/-/3G regulations excluded unvaccinated patrons from gaming operations in the first months of 2022 and severely hampered business across Germany during this period.

Furthermore, the new Lower Saxony arcade law entered into force in February 2022. The ban on serving food and drinks free of charge, the ratification of the Non-Smokers Protection Act in the branches, as well as access bans for gamers under the age of 21 are just some of the newly applicable and simultaneously restrictive changes.





In addition, MERKUR CASINO successively received the access data for the OASIS blocking database in the year under review, which obliges it to permanently monitor the access authorisation of all players. This was promptly and successfully implemented in all branches. Regrettably, the introduction of the blacklisting system across all forms of gaming led to a significant loss or migration of players.

In order to continue to live up to the success factor “innovative products and games”, MERKUR CASINO optimised its machine park in the reporting year. A total of 1,900 machines – including 550 ZONICS, 1,200 M-BOX MAX and 150 M-BOX MAX Trio – were installed in the MERKUR CASINO branches. In addition, the company completely upgraded the games packages in its branches to the V22 as well as V23 generations, thus enabling players to enjoy the latest games highlights in addition to casino classics.

Besides new gaming machines, the MERKUR eSOLUTIONS portfolio developed and distributed by adp MERKUR was introduced in the company’s

own branches. The hardware and software, which allows players to convert cash into e-money that can then be used for a variety of online activities, was installed on a test basis at a total of six locations.

The negative business trend resulting from the strict restrictions and enormous cost hikes made the closure of branches and concessions unavoidable in the year under review. Legal directives led to further closures, so that the number of branches fell from 360 to 344 in the 2022 business year.

Despite numerous restrictions, some of which were accompanied by impactful changes in branch operations, takings increased by 86.4 per cent compared to the previous year. This massive increase is mainly attributable to the higher number of months that branches were open for business. In the months from July to December, in which the gaming arcades had regular operating hours in both 2021 and 2022, takings were up by 8.87 per cent.

## PERSONNEL DEVELOPMENT

One particular highlight of the 2022 business year from a personnel development perspective was the MERKUR MESSE trade fair. Under the motto “network, exchange, inform”, the company invited all employees of MERKUR CASINO branches, MERKUR SPORTWETTEN and the service centre Germany-wide between mid-May and the end of June to take a look at the current and future world of gaming operations. Five venues, 30 events and a total of 2,500 visitors were the result of this first series of events. The objective behind the newly developed trade fair concept was to place a greater focus on the employees and the future of the company, to strengthen co-operation between the branches and the service centre, and to promote personal exchange following the Covid-19 years.

In the past business year, MERKUR CASINO continued to focus on numerous qualification measures in order to guarantee first-class customer service in the branches and to further strengthen employee identification with and loyalty to the company. For example, 66 employees completed the one-year certificate course to become a casino service specialist (IHK-approved), which was set up in cooperation with the Chamber of Industry and Commerce (IHK), with flying colours. The popularity of this in-house training scheme was demonstrated in March 2022 by the 900th candidate to successfully complete the certificate course. The company looks forward to congratulating the 1,000th candidate as soon as August 2023. In the reporting year, a further 22 employees qualified as coin-op specialists, while in cooperation with TÜV Rheinland Akademie GmbH another 25 employees are currently being prepared within the scope of the so-called external students’ examination for the IHK (Chamber of Commerce and Industry) examination in winter 2023/24 and summer 2024.

In the reporting year, MERKUR CASINO once again focused on the managers of tomorrow: at the flagship store at the company’s headquarters in Espelkamp, Eastern Westphalia, future branch managers received intensive training to prepare them for their new position of responsibility. As in the past, newly hired employees were

offered an extensive induction programme on joining MERKUR CASINO in order to welcome them to the Gauselmann Group, to qualify them at an early stage and build a bond with the company. In 2022, almost 800 new employees from arcades, casinos and sports betting shops took part in the 20 or so kick-off events at the training centre at Schloss Benkhausen and the “Alte Gießerei” (Old Forge) event location.

Another continued focus of the training offered by MERKUR CASINO is player protection. In addition to extensive learning content offered in initial and advanced training measures, employees are intensively sensitised to this topic in external training courses.

## AWARDS

For years, numerous awards from independent and recognised bodies have confirmed that first-class service, a high level of employee satisfaction and top quality across all divisions are uncompromising hallmarks for MERKUR CASINO. In 2022, for the eighth year in a row, MERKUR CASINO was named Top National Employer by FOCUS-BUSINESS magazine, ranking it nationwide among the 1,000 most popular employers from 32 business sectors. MERKUR CASINO also secured fifth place in the ranking of the 50 top employers in Germany, and in the Trade and Consumption sector the company again took first place.



MERKUR CASINO's gaming arcades are also a popular choice among players and again earned the title "most popular arcade" from Focus Money magazine in 2022. MERKUR CASINO not only came top in the overall ranking, but also received the accolade "very good" in the individual categories of Professionalism, Choice of games, Service, Staff and Atmosphere.

## OUTLOOK ON THE BUSINESS YEAR 2023

The passing of the new Hesse arcade law at the end of 2022 will allow the continuation of multiple licences (with a maximum of three concessions) in Hesse from 2023. Branches that had previously been granted hardship permits will be able to continue to trade. Furthermore, branches may deviate from the applicable minimum distance provided that they fulfil all necessary qualitative requirements. Equally positive is that, independently of the law, numerous concessions have been granted long-term operating licences up to 2032.

Regrettably, in the federal states of Lower Saxony and Bremen, on the other hand, significant restrictions are to be introduced. In Lower Saxony, the raising of the admission age to 21 as well as new staffing requirements are likely to be accompanied by substantial losses of revenues and earnings. Furthermore, Bremen's new arcade law does not contain an opening clause; accordingly, arcades in Bremen may only operate with a single

concession. As a result, more than 100 machines will probably have to be deinstalled. New official decisions regarding the distance regulations in the Bremen arcade law are expected to come in mid-2023, which are likely to entail branch closures and the deinstallation of another 130 machines.

In addition to the constraints in the individual federal states, general price and cost increases as well as the rise in entertainment tax are also expected to have a significant impact on MERKUR CASINO's business performance. Following several years that were characterised by the new and hugely restrictive regulatory framework as well as tough coronavirus measures, in 2023 MERKUR CASINO is once again for the first time optimistic and confident about a calmer and less unsettled future.

The company is similarly hopeful for the MERKUR GASTRO business segment. The slot machine business in restaurants and snack bars as well as food service business at motorway service stations is expected to see higher footfall and develop positively in 2023. The results in the second half of 2022 underscore confidence that the gastronomy segment will continue to be a major driver of the company's success in the 2023 financial year.

## OPERATION OF GAMING ARCADES: INTERNATIONAL OPERATIONS

Encouraged by the successes on the German arcade market, Paul Gauselmann ventured across Germany's national borders in 1986 and opened his first gaming arcade in Amsterdam, thus firmly establishing the four success factors of MERKUR CASINO – “unique atmosphere”, “innovative products and games”, “best service” and “qualified personnel” – in the international gaming sector.

MERKUR CASINO International currently operates in seven European countries: the UK, Spain, the Netherlands, Bulgaria, Croatia, the Czech Republic and Serbia. Taking account of the specificities of the respective local markets, the Gauselmann Group operated over 450 arcades and casinos with almost 15,500 gaming machines in other European countries in the 2022 business year. The largest and most economically relevant markets are the UK with around 220 branches and

7,800 gaming machines and Serbia with 175 branches and just shy of 6,500 installed gaming machines. Sales revenues in the international gaming arcades segment in the reporting year were substantially up on the previous year, making the group one of the largest and most successful arcade operators in Europe.

In the so far successfully developed land-based markets, the Gauselmann Group is also increasingly present in the online gaming and sports betting segment. The successful launch of a second online casino in Serbia under the XTIP brand encouraged the group to also develop the Czech online market with the XTIP brand in the past business year. It is intended to consistently pursue this online strategy in order to better leverage the synergies between the land-based locations and the online segment, and thus generate additional growth potential – both for virtual slot games and sports betting.





Nationally and internationally, the focus in the Gauselmann Group is always on the employees and the provision of an adequate initial and advanced training programme. The MERKUR FORUM launched in 2021, a platform where managers can inform themselves, exchange ideas, participate and network, enjoyed continued popularity in the reporting year – along with further in-depth events designed to progressively expand the entire international strategy as well as its operational implementation.

Securing and the possible expansion of the existing markets will remain at the forefront of MERKUR CASINO International's business activities in the 2023 financial year. Further acquisitions are continuously being targeted using a strategic approach. As the example of the UK illustrates, the company is striving to introduce a holistic, transnational strategy. In addition, a major focus in the 2023 financial year will be on further expanding the online presences in the existing markets.

## OPERATION OF CASINOS

Products and services “made by MERKUR” have been firmly established in Germany’s casinos for decades. With the opening of its first proprietary venue in 2014, the Gauselmann Group laid the foundation for today’s corporate success in the casino sector. The opening of further venues in the state of Saxony-Anhalt, shareholdings in renowned German casino organisations and, most recently, the takeover of the casinos in North Rhine-Westphalia have in the past several years confirmed the Gauselmann Group’s status as an integral part of Germany’s casino landscape. The successful mix of the latest gaming machines and games packages, a first-class range of classic games, entertaining promotions and live shows, as well as a wide variety of gastronomic offerings, inspires casino guests and consolidates the company’s success.

The Gauselmann Group has operated its own casinos since 2013. Together with the Swiss Stadt-casino Baden AG, the group participated in the Europe-wide tender for the licence to operate public-sector casinos in the state of Saxony-Anhalt. The MERKUR SPIELBANKEN Sachsen-Anhalt GmbH & Co. KG joint venture won the selection procedure and was thus granted the licence for the operation of up to six casinos with a term of 15 years. The first MERKUR SPIELBANK opened its doors in Leuna-Günthersdorf in 2014, and two other venues followed – in Magdeburg in 2016 and in Halle (Saale) in 2018.

Buoyed by the success in Saxony-Anhalt, the Gauselmann Group increased its involvement in the casino sector: with MERKUR SPIELBANKEN Beteiligungs GmbH, the company acquired a 40 per cent stake in Spielbank Berlin GmbH & Co. KG and its four venues in the metropolitan area of the German capital in 2016. Just a few months later, the family company from Espelkamp opened its first international ship casino under the name MERKUR CASINO MARE. In the meantime, the company operates casinos on three passenger liners of TUI Cruises “Mein Schiff” fleet. Furthermore, since 2019 the Gauselmann Group has held a 33 per cent stake in Spielbank Mainz GmbH & Co. KG with its locations in Mainz, Trier and Bad Ems.

The Gauselmann Group notched up another milestone in the German casino sector in 2021 when it won the tendering procedure for the operation of the casinos in North Rhine-Westphalia. In addition to the established locations in Aachen, Bad Oeynhausen, Dortmund-Hohensyburg and Duisburg, the concession granted the group the option of opening two further venues in NRW. The company opened the fifth NRW casino in Monheim am Rhein in March 2023.

Thus, at the end of the 2022 business year and including the stakes in Berlin and the Rhineland, the Gauselmann Group operated 14 casino venues in Germany and three international ship casinos. With the opening of the MERKUR SPIELBANK Monheim am Rhein in 2023, the company’s portfolio now includes 15 casinos.

### MERKUR SPIELBANKEN Sachsen-Anhalt

The Gauselmann Group operates three casino locations in Saxony-Anhalt: Leuna-Günthersdorf, Magdeburg and Halle (Saale). The three casinos are among the most modern in Germany, all with a consistent focus on the highest quality standards. An exclusive ambience, combined with a first-class range of state-of-the-art slot machine and classic games as well as an excellent gastronomy and service concept, make a visit to the Saxony-Anhalt casinos an entertainment experience in a class of its own. Regular live shows with attractive prizes complete the Saxony-Anhalt casino offering.

For MERKUR SPIELBANK Halle (Saale), the focus in the 2022 business year was squarely on the planning for the expansion of its premises. The plan is to extend the gaming and gastronomy areas that already feature an excellent range of state-of-the-art slot games so as to also be able to offer players in Halle (Saale) the popular casino classics roulette, blackjack and Ultimate Texas Hold’em poker at three tables in future.



*Opening of the MERKUR SPIELBANK in Monheim on 11 May 2023. Cutting the obligatory opening ribbon together (from left to right): Daniel Zimmermann (mayor of Monheim am Rhein), Paul Gauselmann (company founder and Chairman of the Management Board of the Gauselmann Group), Ramona Illhardt (Ministry of the Interior of the State of NRW) and David Schnabel (Managing Director of all MERKUR SPIELBANKEN).*

There are also plans to extend the gaming floor at MERKUR SPIELBANK Magdeburg. Preparations for this were high on the agenda in the 2022 financial year. It is hoped to successfully complete the floor expansion and the corresponding extension of the games offering by the end of 2023.

In the reporting year, MERKUR SPIELBANKEN Sachsen-Anhalt for the first time staged the popular Big Casino Gameshow and Winner or Loser live shows already known from North Rhine-Westphalia. The new entertainment shows proved to be just as big a draw in Saxony-Anhalt as they are in NRW. In fact, the opening event of the Big Casino Gameshow at the Leuna-Günthersdorf location even set a visitor record in the reporting year.

With respect to personnel, the focus in Saxony-Anhalt in the past business year was on Europe-wide staff acquisition. In an effort to optimise the challenging staff situation in the Saxony-Anhalt casinos, the company placed its hopes in the cooperation with an internationally active dealer school that trains and recruits croupiers for MERKUR SPIELBANKEN. As a result, the casino teams were reinforced by seven new members in the reporting year and the continuation of the successful cooperation in the following year is sealed.

## MERKUR SPIELBANKEN Nordrhein-Westfalen

In North Rhine-Westphalia, the Gauselmann Group operated casinos in Aachen, Bad Oeynhausen, Dortmund-Hohensyburg and Duisburg in the reporting year. With the sale of the North Rhine-Westphalian casinos to the Gauselmann Group in 2021, the state of NRW also granted licences to operate two new venues. In the year under review, business activities focused on the preparations for the opening of the fifth NRW casino in Monheim am Rhein. Within the space of just 11 months, this existing Gauselmann Group property was converted into one of the most modern casinos in Germany. The official opening was celebrated in May 2023. Planning for the sixth North Rhine-Westphalian casino is in full swing and makes up the main focus of activities in the 2023 financial year.

Forced to pause all live shows up to the beginning of the reporting year due to the coronavirus pandemic, the NRW casinos were gradually able to reinstate their attractive entertainment programme in 2022. The popular live shows Big Casino Gameshow and Winner or Loser celebrated a successful comeback following the involuntary interruption, even causing long queues outside the entrance and breaking visitor records. In addition to an extensive choice of classic game variations and state-of-the-art multigamers, mystery jackpot draws and various theme evenings round off the entertainment offering at the North Rhine-Westphalian casinos. All casinos in North Rhine-Westphalia offer their punters a

wide selection of player-oriented refreshments. MERKUR SPIELBANK Hohensyburg scores especially high with its SYGHT restaurant, which enjoys great regional popularity. The casino complex south of Dortmund also accommodates the FOX dance club.

## Spielbank Berlin

The Gauselmann Group has held a 40 per cent stake in Spielbank Berlin GmbH & Co. KG with its four locations at Potsdamer Platz, Fernsehturm (television tower), Ellipse Spandau and Kurfürstendamm since 2016. At all four locations, Spielbank Berlin with its staff of around 500 welcomes more than 600,000 casino goers to its modern premises every year.

At the main venue on Potsdamer Platz, Berliner Spielbankgesellschaft carried out extensive modernisation measures from January 2022. The conversion of former administrative areas led to an increase in floor space of almost 500 square metres, which were opened to guests from as early as the beginning of October 2022. Final completion of the redesign and expansion measures followed in February 2023, with the entire gaming area going into operation from March 2023.





### Spielbanken Mainz, Trier and Bad Em

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

### MERKUR CASINO MARE

The Gauselmann Group's success formula has also proved a hit on the high seas. On three passenger ships belonging to TUI Cruises cruise line, the stylish, maritime ambience of the MERKUR MARE ship casinos in combination with a diverse and exclusive games offering ensures guaranteed gaming fun. Regardless of whether the destination is the Caribbean, Mediterranean, the Baltic region, the Canaries or Northern Europe, on the TUI Cruises

ships, passengers can enjoy classic game variations in combination with state-of-the-art slots, amusement machines, coin pushers and bingo.

In all business segments, the Gauselmann Group places the highest importance on youth and player protection – and this also applies to the operation of its casinos. MERKUR SPIELBANKEN Sachsen-Anhalt GmbH & Co. KG was the first casino organisation in Europe to be accredited by the Global Gambling Guidance Group (G4) for its responsible gaming measures back in 2015. The company was successfully recertified in 2021. The European Casino Association (ECA) also honours MERKUR SPIELBANKEN Sachsen-Anhalt's commitment and granted the company recertification for responsible gaming in recognition of its extensive player protection measures. MERKUR SPIELBANKEN NRW also proved that it fully meets the high standards of the independent accreditation bodies in all areas and practises player protection at the highest level. Both the G4 and the ECA confirmed the relevance and the quality of the Gauselmann subsidiary's exemplary youth and player protection measures.

## OPERATION AND MARKETING OF SPORTS BETTING AND ONLINE GAMING OFFERINGS

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

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

Almost all national and international Gauselmann Group sports betting products are coordinated behind the scenes by the group-owned "product house" CASHPOINT Solutions in Gerasdorf near

Vienna. The product portfolio of the Gauselmann subsidiary comprises reliable full-service land-based and online solutions that are adapted to the applicable laws and regulations in the respective target markets. The comprehensive betting offering, especially in the live betting segment, a sophisticated risk management that ensures particularly lucrative gaming margins and reduced waiting times for punters, as well as the deep integration of bricks-and-mortar operations and online business, including native apps, distinguish the CASHPOINT products and set the omnichannel offering apart from the competition.

The German sports betting market has been fully regulated since the first licences for the organisation and brokerage of sports betting were granted in October 2020. The legal limbo that had prevailed on the German market for years was thus superseded by binding rules. CASHPOINT Malta Limited, a subsidiary of the Gauselmann Group, was one of the first providers to be issued a sports betting licence to organise and broker sports betting in both the land-based and online markets. One of the hallmarks of the offering in the German-speaking markets is a particularly wide variety of live bets. In 2022, CASHPOINT Malta Limited was also granted permission to organise virtual slot games.

CASHPOINT continues to rank among the top two sports betting providers in the Austrian market. Despite the challenging regulatory environment, CASHPOINT was able to defend its leading position and secure a further competitive edge. In the land-based segment, placing bets via mobile app is especially common and widespread.



The Gauselmann Group is also successful on the Danish market with the CASHPOINT sports betting brand. Although the market continues to be dominated by the state-owned provider Danske Spil, CASHPOINT was nevertheless able to establish itself as the leading private sports betting provider in the land-based segment and thus challenge the national lottery's leadership in this market. Thanks to high product quality and flexibility, the company was able to expand its market share and thus further consolidate its position in the Danish market.

Like the German, Austrian and Danish sports betting markets, the Belgian market is also clearly regulated. Regulatory efforts to limit bricks-and-mortar points of sale as well as the introduction of admission controls and blacklists (EPIS check) slowed growth in the Belgian market in the past year. Nevertheless, the Belgian sports betting provider Betcenter, in which the Gauselmann Group held a 79.3 per cent stake at the end of 2022, managed to defend its position as joint market leader alongside Ladbrokes.

The business performance of MERKUR SPORTWETTEN continued to be impacted by the coronavirus pandemic and regulatory constraints in the past business year. In Belgium in particular, January 2022 was characterised by coronavirus restrictions and the accompanying closure of land-based operations. In Germany, 12 company-operated betting agencies were forced to close. Neverthe-

less, thanks to cost-cutting measures, the company was able to meet and even exceed the set targets year on year, achieving an overall increase in sales of 23 per cent in the reporting year compared to the 2021 financial year.

For the employees in the betting shops, training and staff development programmes were held and further improved. Based on the experience and expertise of its fellow subsidiary MERKUR CASINO, the Gauselmann Group's sports betting segment is working intensively to further enhance service quality and offer an optimum experience in the betting shops. At the end of the past financial year, almost 750 staff members were employed at MERKUR SPORTWETTEN.

In the 2023 financial year, investments are primarily planned in the area of online marketing and the acquisition of online customers. The closure of numerous locations in Germany has led to a shake-out of the sports betting market and a corresponding trend towards online gaming. This trend is projected to continue and even intensify. Gaming on mobile devices in particular is expected to continue to grow in popularity among gaming enthusiasts, and thus will also gain importance for MERKUR SPORTWETTEN. However, the company will also focus on expanding the product portfolio in order to provide players with an even wider range of options. Essentially, growth is forecast not only online, but also in the bricks-and-mortar business segment.



## CENTRAL PREVENTION DEPARTMENT

People have always been fascinated by predicting the unpredictable and betting money on the outcome. That's why the history of gambling goes back thousands of years. The fascination lies especially in the element of risk. And as with any game, commercial gaming is all about consistently adhering to the rules and boundaries so that the fun for everyone involved is maintained at all times.

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

The vast majority of people avail themselves of this gaming offering for leisure-time entertainment. Generally speaking, the fun of gaming is associated with injecting a little thrill into our busy lives – as an entertaining pastime. Some people, on the other hand, exhibit problematic or pathological gaming behaviour. However, all scientific studies have for years underscored that only a very small proportion of players show such gaming patterns.

### Giving higher priority to qualitative criteria in gaming

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

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

### OASIS blacklisting system

The OASIS blacklisting system introduced nationwide across all forms of gaming in July 2021 has in the meantime found acceptance with players. The central Prevention department had prepared the groundwork for training and supporting arcade staff in implementing OASIS by setting up a support hotline and creating an explanatory video, appropriate e-learning content and guidelines.

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

### The employees have a special role

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

This covers early recognition of problematic and pathological gaming behaviour with the same degree of detail as effective strategies for proactively approaching affected players. The extensive information materials enable players and their families to obtain fact-based information about all issues relating to compulsive gaming behaviour. In addition to basic information about potential risks, this also includes contact persons and details of counselling services and support facilities close to where players live. All information materials were given a complete redesign in 2021, both in terms of content and look and feel.

Another important module in this context is the accreditation of youth and player protection measures by renowned accreditation agencies such as the Global Gambling Guidance Group (G4), the European Casino Association (ECA), TÜV Intercert Saar and TÜV Rheinland. This ensures that the measures implemented by the Gauselmann Group are also regularly checked for their appropriateness and quality by an independent body. In order to guarantee that the measures are targeted, they have been developed to reflect the interests of the players as well as from the perspective of arcade staff.

The company is also represented with a team of experts in various working groups of the gaming associations, where it is actively involved in the further development of this socially important issue.

### **Legal gaming must remain attractive in order to meet the channelling mandate**

Founded in 2011, the Responsible Gaming Commission is made up of an internationally recognised team of experts composed of members of the management and of the central Prevention department, as well as recognised external experts. The Commission ensures that the prevention measures in place across the Gauselmann Group are always oriented towards the latest scientific developments and meet day-to-day requirements in the gaming arcades in the best possible way.

However, prevention efforts are being thwarted by the growing illegal market. The strict regulation of legal gambling in Germany has led to more and more players migrating to the illegal gambling sector, where they no longer benefit from youth and player protection measures. Ultimately, however, the channelling of people's natural gambling instinct advocated by the legislator can only succeed if legal gambling remains sufficiently attractive and reaches enough people for the inherent quality criteria to have the desired effect.



## HUMAN RESOURCES DEPARTMENT

### Employees as the most important resource

In addition to gaming fun, our employees are the focus of attention at the Gauselmann Group. Because its employees are its most valuable resource, the company continues to focus on personal growth. The Eastern Westphalian group employed a total of 14,905 people as at the balance sheet date on 31 December 2022, of whom 7,757 were based in Germany and 7,148 abroad. Compared to 2021, the workforce grew by 2.8 per cent (413 employees). While the headcount in Germany increased only marginally by 0.2 per cent (17 employees), staffing levels outside Germany were reinforced by 5.9 per cent (396 employees). This job trend further underscores the growing importance of international operations for the Gauselmann Group. At the same time, the strict restrictions in Germany also mean that hardly any new jobs are being created on the domestic market.

Despite its international orientation, the group has maintained the traditional values of a family-owned enterprise. These values are upheld not only by Paul Gauselmann at the very top of the company, but also by his son Armin Gauselmann, who heads up the central Human Resources department as Vice-Chairman of the Management Board. Both during the pandemic and in a phase

of runaway inflation, both men have always had and continue to have the interests of their employees at heart, in the firm belief that the challenges can only be met if everyone pulls together.

### Training as the basis for career success

At the balance sheet date, 176 young people were doing an apprenticeship or traineeship with the company. The Gauselmann Group traditionally takes its responsibility towards the next generation of employees seriously. It therefore follows that each year a number of young professionals are given the opportunity to take their first steps on the career ladder with the Gauselmann Group. In the past year alone, 69 adolescents and young adults started an apprenticeship or a course of study in the company. In total, around 1,400 young hopefuls had applied.

The spectrum of training opportunities ranges from administrative and commercial/technical professions to dual courses of study and the industry-specific vocational training course leading to the qualification of coin-op specialist. Company founder Paul Gauselmann himself was one of the initiators who campaigned for the conceptual design and introduction of this three-year vocational training course offered exclusively in the coin-op industry. Currently, the group offers 22 different training occupations. At almost 85 per cent, the takeover rate is well above the average for Germany as a whole.





*Each year, the Gauselmann Group welcomes 60–80 new trainees to the company.*

## **Further training opportunities increase employee satisfaction**

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

Already during their initial training, junior staff can choose between numerous professional development opportunities and additional qualifications. These include IT training, language courses, environmental and safety training and technical workshops.

At MERKUR CASINO, too, further training opportunities are a central pillar of the company's success. A team of permanently employed personnel developers and coaches devise needs-based training concepts that can be implemented quickly and effectively. New employees explore the opportunities the company offers them in the first few weeks after their recruitment and the career options and goals are considered together. Among the most popular qualification options are in-service training to become a casino service specialist or advanced training as a branch technology instructor.

The Gauselmann Group also offers a comprehensive catalogue of seminars for all specialists and managers, which ranges from technical workshops and long-term advanced training certification courses to differentiated management development programmes and individual coaching.

## **Personnel marketing and recruiting**

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

Networking with higher education institutions in the region is one important aspect of this. With the help of individual scholarships, the Gauselmann Group supports young talents and thus enables them to place a stronger focus on their academic achievements. The company granted ten scholarships in 2022, opening a door to a career with the company for their recipients. Direct personal contact was also established through numerous internships and student traineeships. To enable candidates from outside the Minden-Lübbecke district to complete an internship in Espelkamp, the Gauselmann Group even provides students with accommodation and a rent subsidy, where necessary.



*The jubilee celebration for long-serving employees is a fixed event in the annual calendar of the Gauselmann Group.*

In order to promote itself as an attractive employer, the Gauselmann Group also relies on a target-group-oriented approach in the social media channels. In the meantime, news from the Gauselmann cosmos that is regularly posted on Facebook, Instagram, LinkedIn or XING attracts a community of almost 12,000 followers, thus raising awareness of the employer brand. From a recruiting perspective, social media have become an increasingly important aspect.

### **Occupational health management**

To maintain and promote staff performance and well-being, the Gauselmann Group offers an extensive package to support employee health. All of this is consolidated and offered within the occupational health management scheme primarily at the company's headquarters in Espelkamp and Lübbecke. Benefits offered range from flu jabs, skin screenings, physiotherapy and massages to medical check-ups and nutritional advice. The topic of physical exercise is another focus. In future, greater emphasis will also be placed on mental fitness.

### **Loyalty to the company and solidarity among colleagues**

All of these measures contribute to a very high level of employee satisfaction – which translates into many years of service with the company. Each year, the company honours numerous colleagues for 10, 25, 30, 40 and even 45 years of loyalty. In 2023, the first employees will even be recognised for 50 years of service.

The Gauselmann Group also repeatedly receives recognition from official sources for its exemplary employee management. One testament to this is the distinction Best Place to Learn or the awarding of the Fair Company seal. The company also received the Leading Employer Award and thus ranks among the top one per cent of employers in Germany.

## Company sports

Activity and team spirit are important values within the group. The company sports association "Betriebssportgemeinschaft MERKUR Gauselmann e.V." (BSG), which has received support from the entrepreneurial family for over 30 years, is also testimony to this. With around 1,000 members and 20 sporting disciplines, the BSG is one of the leading company sports associations in North Rhine-Westphalia. Its offerings range from classics such as football, tennis or jogging through to sailing, water skiing and dragon boating.



## MERKUR Seniors Club

Team spirit is strengthened not only in sporting activities but for many also extends beyond their years of active service. The MERKUR Seniors Club was founded for this purpose. Under the motto "Once Gauselmann, always Gauselmann", the around 160 members keep in touch with former colleagues after they have retired and regularly undertake joint activities. The highlight in the reporting year was a joint trip to Hamburg, which included a tour of the Airbus plant. It is a long-standing tradition for Paul Gauselmann to attend the Seniors' Annual Meeting and personally update them on developments within the group, underscoring the high standing the former employees still enjoy within the group. The MERKUR Seniors Club is an integral part of the corporate culture and celebrates its 25th anniversary in 2023.



## COMMITMENT

The Gauselmann family of entrepreneurs has deep ties with the Minden-Lübbecke region. Giving something back to the community and sharing their corporate success with the local population is something especially close to the hearts of Paul and Karin Gauselmann and their descendants. Whether sponsoring clubs, non-profit institutions, schools, child day-care centres or art projects – their social, community and cultural commitment in the Mühlenkreis district is unbroken. They also promote campaigns to preserve nature as well as community-based initiatives. Without this generous support, many of the campaigns and events in the district in the past would not have been possible.

The majority of the projects are supported by the Paul and Karin Gauselmann Foundation, which was set up as the Gauselmann Foundation in 1999 and renamed, the Paul and Karin Gauselmann Foundation in 2015. In the over 20 years of its existence, the foundation has donated more than 4.25 million euros and supported nearly 2,000 recipients. In the reporting year alone, around 250,000 euros was distributed to some 150 different projects and initiatives. The foundation has a total endowment capital of 16.2 million euros.

In addition to the foundation's active commitment, Paul Gauselmann is a major private donor. His primary focus is health. He has been committed to improving medical care in the region for decades. Without his generous personal commitment, the modernisation of the Lübbecke-Rahden hospital, the extension of the stroke unit at the Johannes Wesling Clinic in Minden or the construction of a campus building for training medical students in Eastern Westphalia-Lippe would not have been possible. This also applies to medical lighthouse projects such as robot-assisted surgery, which the Gauselmanns have made possible with the financing of a surgical robot for the Lübbecke site. Paul Gauselmann also contributed 250,000 euros to the financing of the new parish centre at Thomas Church in Espelkamp.

Apart from the renovation of the Göckenteich Bridge in his hometown of Borghorst, for which Paul Gauselmann donated the sum of 300,000 euros, he also had 10,000 trees planted on a four-hectare site near Münster as a gesture towards environmental protection and climate action. And on the occasion of his 85th birthday, he donated 85,000 trees that were planted across Germany in collaboration with the partner Trinkwasser e.V.



*Paul Gauselmann and Steinfurt's Mayor Claudia Bögel-Hoyer cut the symbolic ribbon and opened the Göckenteich Bridge in Borghorst for pedestrians and cyclists.*

*There is much to discover at Schloss Benkhausen and in the German Coin-Op Museum – Gauselmann Collection.*



*Thomas Dullweber, Mayor Dr Henning Vieker, Administrative District President Anna Katharina Bölling, Paul Gauselmann, Members of the State Parliament Bianca Winkelmann and Peter Dürr (from left) celebrate the tenth anniversary of Schloss Benkhausen.*

The preservation and restoration of local buildings and monuments is another pillar of this commitment to the region. Most noteworthy in this regard is the Schloss Benkhausen estate. Over 500 years old, the castle was fully refurbished by the entrepreneurial family, and today serves the region as a modern conference venue with a hotel, which was first included in the list of the “250 best conference hotels in Germany” in 2021. The castle is also used as the Gauselmann Group training centre, as well as for seminars and events organised by external companies. A further attraction on the estate since 2013 is the German Coin-Op Museum – Gauselmann Collection. With around 200 exhibits, a permanent as

well as changing special exhibitions take visitors on a historical journey documenting coin-operated machines from around the world.

For his outstanding social, sporting and cultural commitment as well as for his entrepreneurial achievements, Paul Gauselmann was awarded the upgraded Cross of Merit 1st Class of the Order of Merit of the Federal Republic of Germany by then President Johannes Rau on 15 May 2003. Furthermore, in 2004 Paul Gauselmann was made an honorary citizen of the towns of Espelkamp and Lübbecke. In 2015, his wife Karin Gauselmann also received honorary citizenship of the town of Espelkamp.



*The Gauselmann Group acquired the naming rights to the MERKUR SPIEL-ARENA in 2018.*

## SPONSORING AND PARTNERSHIPS

The Gauselmann Group counts as one of the biggest sports promoters in Germany. Support for the diverse sports club landscape in Eastern Westphalia and beyond is a matter close to the hearts of the entrepreneurial family. For this reason, the games maker is a strong partner of several German and international professional clubs as well as numerous grassroots sports clubs in the home region of Eastern Westphalia-Lippe.

The Gauselmann Group is mostly active in its home district of Minden-Lübbecke. Here, every year many grassroots sports clubs enjoy financial support that allow them to hold tournaments, realise sports projects or buy adequate sports equipment. A number of horseback riding clubs, football and handball teams and tennis clubs benefit from this.



*The women's premier league GiroLive-Panthers basketball team from Osnabrück have worn the MERKUR sun on their shorts since the 22/23 season.*

However, the Gauselmann Group is also a reliable sports sponsor beyond the boundaries of the Altkreis Minden-Lübbecke district. The company has been a sponsor for many years of the DSC Arminia Bielefeld football club and, as part of the Eastern Westphalia-Lippe (OWL) alliance, is actively involved in championing the survival of Eastern Westphalia's most well-known club. SC Paderborn 07 and VfL Osnabrück also benefit from the engagement of the Gauselmann Group. Other beneficiaries are the 1st women's basketball team GiroLive-Panthers in Osnabrück and the football clubs Minden Wolves and Paderborn Dolphins. Furthermore, the company is the main sponsor of TuS N-Lübbecke handball team as well as a promoter of FC Preußen Espelkamp football team, and of Espelkamp-Mittwald tennis club. With the CASHPOINT sports betting brand, the games maker has also lent its name to and been main sponsor of the Austrian Bundesliga club CASHPOINT SCR Altach since 2006.

Another important element in the concept of sponsoring is support for numerous professional sports clubs in Düsseldorf. After all, acquisition of the naming rights to the Düsseldorf MERKUR SPIEL-ARENA also entails support of top sports clubs there. Thus, the Gauselmann Group is a partner of Fortuna Düsseldorf, the Düsseldorfer EG ice hockey club, the record-holding table tennis champions Borussia Düsseldorf, the Bergischer HC national league handball team and the Düsseldorf Panthers football team. Besides sponsorships in the world of sport, the company also promotes other events, including PAROOKAVILLE and the WORLD CLUB DOME, which count among Germany's biggest music festivals.



*In 2022, the Gauselmann Group was again present with the laughing MERKUR sun as a long-standing partner to the national handball leagues and the REWE Final Four.*



*MERKUR CLUB CASINO was present at the PAROOKAVILLE Festival in 2023 with an impressive casino-style facade. For three days, visitors to the festival were able to enjoy the range of slot machines, try their luck on the wheel of fortune or pass the time playing games such as pinball on the amusement machines or terminals.*

## OUTLOOK ON THE BUSINESS DEVELOPMENT 2023/2024

The 2022 business year, like the two years before it, was a touchstone for the economic stability of the Gauselmann Group. The year was characterised by geopolitical upheavals, the associated effects on energy prices, supply chains and price stability, but also by the ongoing challenges of the coronavirus pandemic. Despite all the negative influences, the internationally operating family business from Eastern Westphalia once again demonstrated sustained stability and economic strength and thus continued to live up to its reputation as “the games maker”. With unswerving dedication and expertise, the group’s approximately 15,000 employees worldwide once again went the extra mile in 2022 to present a first-class games offering for both land-based and online players, develop fascinating games for the industry and roll out technically innovative machines.

The extraordinary burdens caused by the sharp rise in procurement costs for energy and materials influenced the course of business in the past year, as did the ongoing change processes within the established market segments. Additional expenditures caused by the coronavirus are still impacting the industry, as are the slowly recovering visitor numbers at the gaming arcades. The industry is continuing to feel the negative repercussions of the State Treaty on Gambling and various local distance regulations. These have led to further branch closures and a reduction in the number of installed machines.

The Gauselmann Group responded to these challenges by tapping into new markets at home and abroad as well as by successfully implementing new, technically sophisticated online solutions. The casinos in North Rhine-Westphalia, which were acquired in the autumn of 2021, were successfully integrated into the Gauselmann Group, modernised and expanded. The strong and growing visitor numbers prove that the concept is right and confirm the group’s decision to increase its involvement in the casino segment. The fifth casino venue in NRW – and Germany’s largest casino – was completed in record time, and opened to the public in Monheim in March 2023.

Parallel to the traditional bricks-and-mortar gaming offering in casinos and gaming arcades, online business was further grown in 2022 on the basis of the new licensing conditions for virtual slot games. As many as five Gauselmann Group companies have been granted licences for this business and are thus among the pioneers of legal online gambling in Germany. The prerequisites for this were already created in recent years through investments in the international online sports betting business and the sophisticated and correspondingly high-performing gaming platforms. If this is to be commercially successful, the restrictive laws must be amended following the example of the UK.

For the 2023 and 2024 financial years, the management of the Gauselmann Group expects bricks-and-mortar business to continue to stabilise, with roughly the same number of installed machines in Germany and moderate increases abroad. Sustained growth is projected for online activities in the coming years, for both sports betting and virtual slots.

If business develops well, group sales revenues are expected to surpass the previous year's level by a wide margin and show continuous growth. Now that pandemic-related access restrictions have largely been lifted, the focus on the domestic market going forward will be on increasing the attractiveness of MERKUR CASINO gaming arcades within the constraints imposed by the law. In addition, the company's gaming arcade management services provide the industry with the opportunity to draw on the resources of an international corporate group to optimise its offering. The casino segment is advancing as a growth driver in Germany. With stakeholdings for example in Berlin and Rhineland-Palatinate, as well as its own casinos in North Rhine-Westphalia and Saxony-Anhalt, the company can look back on a successful history spanning more than ten years. Well-trained and motivated staff, an attractive mix of machines and exceptional events are just some of the success factors with which the company aims to increase visitor footfall in the coming years. MERKUR SPIELBANKEN also plans to open an additional, sixth venue in NRW by 2025.

In international operations, the UK and Serbia continue to be the heavyweights, with 222 and 175 locations respectively at year's end. Expansion in the UK will continue in a more targeted manner, with the main focus on sustained earnings improvement at the existing locations. Serbia, like the UK, is a market with a stable regulatory environment and is expected to see further land-based and online growth.

The group's high level of technical competence and creative games development continue to be an important cornerstone for its successful

development. This ensures that the group is able to respond promptly to the constantly changing requirements on national and international markets and remain successful despite the restrictions imposed by the Gaming Ordinance and the decline in the number of operating locations. Thanks to the group's international orientation, the share of revenue and earnings generated outside Germany is growing continuously.

Both the new laws and innovations in the online business are important factors for growth. Over the past several years, the company has made targeted investments aimed at building stable and efficient structures. These have included establishing competitive sports betting and online gaming companies and creating the necessary framework to enable the group to make legal online gaming and sports betting available on a powerful platform amid an array of legal regulations. On the back of the opening of the German online market and a number of successful licensing applications, the Gauselmann Group is planning for significant growth and expecting a consolidation of market shares in this segment in the coming years.

The Gauselmann Group has a stable financial basis and the potential to react quickly to market changes. Prudent personnel management and sustainable supply chains guarantee future performance. The group therefore considers itself well-positioned for 2023/24 to defend its status in the international regulated markets and to continue to offer innovative and successful products as well as attractive, state-of-the-art gaming fun.



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



Foundation Board of Directors:  
Armin Gauselmann, Paul Gauselmann and Manfred Stoffers (from left to right)



**Paul Gauselmann**  
Chairman of the Management Board



**Armin Gauselmann**  
Vice-Chairman of the Management Board



**Manfred Stoffers**  
Marketing · Communications · Political Affairs



**Werner Kurt Schröder**  
Development and Technology



**Jürgen Stühmeyer**  
MERKUR Sales



**Dieter Kuhlmann**  
Gaming Operations



**Lars Felderhoff**  
Finance



**Stefan Bruns**  
Sports Betting and Online Gaming  
(from 1 April 2023)

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

Summing up, we can say that joy and sorrow often lie very close together. The same can be said of the 2022 business year for the Gauselmann Group, which, while once again very challenging, was satisfactory under the given circumstances.

As the coronavirus subsided and the coronavirus protection measures were lifted, land-based gaming and betting operations as well as B2B business gradually returned to normal. At the same time, international trade fair business also picked up again, which had a positive impact on sales.

In the end, the Gauselmann Group reported sales revenues at pre-Covid-19 levels. The positive development of MERKUR SPIELBANKEN, the sustained very good growth of international operations and the opening of the German market for virtual slot games, for which the Gauselmann Group was one of the first providers to obtain licences, also contributed to this result.

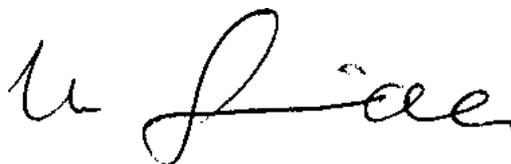
To reflect this trend, with effect from 1 April 2023 the Supervisory Board appointed Mr Stefan Bruns to the Management Board, who assumes responsibility for the Sports Betting and Online Gaming business segment. Mr Bruns is a long-standing and very experienced manager in the Gauselmann Group. We wish him every success for the new tasks ahead and a healthy dose of good old-fashioned luck.

As expected, the Ukraine war and the associated energy crisis proved to be extremely detrimental economically, leading to considerable supply chain, sales and cost problems.

The consolidated financial statements as at 31 December 2022 and the Gauselmann Group Management Board Report were audited and approved and issued with a closing statement by DR. WOELKE AG Wirtschaftsprüfungsgesellschaft, Herford. After reviewing the consolidated financial statements and management report, the Supervisory Board concurs with the audit opinion of the auditor and, after completing its examination, raises no objections. The Supervisory Board hereby approves the financial statements prepared by the Management Board.

Finally, we would especially like to thank the governing bodies of the Gauselmann Family Foundation, the Management Board and the company's senior executives for their successful entrepreneurial work, as well as all employees for their commitment and excellent achievements in 2022.

Espelkamp, July 2023



Manfred Grünewald  
Chairman of the Supervisory Board



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



**Karsten Gauselmann**  
Hotelier



**Janika Gauselmann**  
Economist (Dipl.-Volkswirtin)

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