

**REPORT OF THE ADMINISTRATIVE  
BOARD OF  
SPARK NETWORKS SE**

Dear shareholders,

The 2021 financial year was one of progress for Spark Networks SE (the "**Company**"). In 2021, the Company continued to integrate the "Zoosk" brand into its portfolio of dating brands and generate corresponding operational synergies. The Company also enhanced the Zoosk product offering with exciting new features - Zoosk Live and Zoosk Great Dates – to drive social interaction and made investments into the Tech, Brand and Finance organizations to build a strong framework for its future growth. Under the leadership of Eric Eichmann as CEO, the Company continued to strengthen its core functions, growing its legacy platforms EliteSingles, Silver Singles and Christian Mingle and worked to stabilize the commercial performance of the Zoosk platform.

Currently, our family of brands serve roughly four million page views per day of singles searching for serious relationships and millions of paid subscribers per year, making Spark the fourth largest online subscription-based dating company across North American and Europe. With this scaled platform, Spark has a large growth opportunity ahead of it and with a new credit facility in place, it now has the financial flexibility to begin executing on a strong and well-developed roadmap of strategies and investments that it believes will drive growth in 2022 and beyond. With the right talent in place, the right product strategy, scalable technology and financial flexibility Spark is well positioned to return to growing its revenue.

Spark Networks SE was formed on March 29, 2017, under the company name "Blitz- 17-655 SE" as a shelf company and was acquired on April 12, 2017 by Affinitas GmbH with the purpose of becoming the ultimate parent company upon completion of the cross-border merger between Spark Networks Inc. in the United States and Affinitas GmbH in Germany. As part of the merger transaction on August 24, 2017, Blitz-17-655 SE was renamed Spark Networks SE. Spark Networks SE had not performed any activities prior to the merger, except those concerning the creation and implementation of the merger.

The management of the Spark Networks SE is the responsibility of a single company organ, the Administrative Board according to the single-tier system pursuant to Art. 43 - 45 SE Regulation in conjunction with Sections 20 et seq. of the German SE Implementation Act (*SE-Ausführungsgesetz*, "**SEAG**"). The Administrative Board determines the Company's basic

business strategies and monitors the implementation of said strategies carried out by the managing directors. The managing directors manage the Company's business, represent the Company in and out of court and are bound by instructions from the Administrative Board.

On August 11, 2021, the Company's Annual General Meeting increased the number of members of the Administrative Board from seven to eight, effective as of the end of such Annual General Meeting.

In 2021, the members of the Administrative Board were in constant contact with the managing directors of Spark Networks SE in order to regularly analyze and assess the situation of the Company and to discuss significant aspects relating to the stabilization of the performance of its core assets, the realignment of the Company's strategy, the changes with regard to senior management, relevant improvements to address the company's material weaknesses as shown under the 2020 audit and the Company's obligations under its then current debt facility. Another focus was the management of risks arising from the global pandemic in connection with "mobile work" and any cyber security risks.

### **Management supervision and advice**

In 2021, the Administrative Board performed its tasks provided by law, the Articles of Association, the Rules of Procedure of the Administrative Board, the Charters of the Committees of the Administrative Board, Corporate Governance Guidelines of the Administrative Board and Code of Ethics of the Company with utmost diligence. The Administrative Board regularly advised and monitored the managing directors of Spark Networks SE with regard to the Company's business operations, including but not limited to the planning and implementation of the Company's short-term and long-term financial and strategic planning. The Administrative Board also reviewed in detail the management of compliance and other risks.

In 2021, the Administrative Board and the managing directors exchanged views and regularly discussed

- the status of the implementation of the business strategy with regard to the synergies resulting from the acquisition of Zoosk Inc.;
- the strategic alignment of the Company with regard to market trends and industry dynamics;
- the impact of a global pandemic and the changed processes;
- the hiring of a new CFO and stabilization of processes about SOX and further financial compliance and
- the engagement of the company with its investors and the market to generate shareholder value.

The Administrative Board was directly involved in all important decisions for Spark Networks SE at an early stage in accordance with the law and company's Articles of Association as well as the rules of procedure for the Administrative Board. The managing directors informed the

Administrative Board, in a timely manner and in detail, both in writing and verbally, about its progress to strengthen its Brand position, to generate increased awareness of the Company's Brands and Products, to drive operational and organizational efficiencies, assess its approach on investor relations, managing Cyber Security and other operational and compliance risks, as well as about the current situation of the Company. The managing directors also addressed and dealt with all deviations from the initial planning, which occurred in the course of business in due time and explained to the Administrative Board any deviations and the necessary corrective measures. The subject and scope of the reports of the managing directors thus met the requirements defined by law and by the Administrative Board. In addition to the reports, the Administrative Board has frequently requested additional information from the managing directors. The managing directors attended the meetings of the Administrative Board to report directly and provide in person support by discussing and answering questions from its members, however, the Administrative Board has regularly held meetings without the presence of the managing directors as well. Strategic or financial transactions of significance in 2021 that required approval by the Administrative Board were discussed with the managing directors and reviewed in detail. The focus was on the advantages and disadvantages as well as the further consequences of the relevant transaction, engagement with key investors, management of the Company's current debt facility, strengthening of the financial organization and impact of the pandemic of the company's performance.

The entire Administrative Board was kept well informed in the periods between its meetings and those of its committees. This way, the strategy, the current business development, the situation of the Company, as well as key aspects and decisions were regularly discussed by the managing directors and the Administrative Board. The Chairman and upon August 2021 the chairwoman of the Administrative Board were also immediately informed by the managing directors of all material events relevant for the situation of the Company and its management. The Audit Committee and the Administrative Board reviewed and discussed the monthly performance as well as the quarterly figures and financial statements of the Company and reports of the Company during the 2021 financial year. All members of the Administrative Board attended all meetings of the Administrative Board virtually or in person but for the meeting on August 25, 2021 where Axel Hefer and Bangaly Kaba did not attend.

### **Topics of Administrative Board Meetings**

The Administrative Board held 11 meetings in 2021: Due to the global pandemic, the Administrative Board meetings were held mostly via video conference with two in person meetings in Q2 and Q3 2021. In addition, the Administrative Board has passed several resolutions by way of circular voting.

The individual meetings had the following content:

On January 20, 2021, the Administrative Board discussed results for 2020 and approved the budget for 2021.

On February 18, 2021, the Administrative Board approved the terms of the separation agreement with the Company's then current CFO by circular motion.

On March 1 and 2, 2021, the Administrative Board discussed market and industry dynamics the current performance of the business and based on these insight the strategic initiatives for 2021 and beyond. The Administrative Board further resolved on the revocation of the company's then current CFO as managing director of the Company.

On March 4, 2021, the Administrative Board discussed a Letter of Default by the Company's then current lenders and consecutive waiver terms. The waiver was approved by circular motion on March 5, 2021.

On March 24, 2021, discussions around the Company's business strategy continued.

On March 30, 2021 the Administrative Board approved the Company's 10k for the fiscal year 2020 and based on the recommendation by the Nominating, Governance and Compensation Committee the target goals for the Managing Directors 2021 and the bonus payments in accordance with the target achievements for 2020 by circular motion.

On May 11, 2021 the Administrative Board and management discussed the Company's Corporate Strategy. The Board resolved on the appointment of Yoon Um as Principal Financial Officer.

On May 15, 2021, the 10Q for the fiscal quarter ending on March 31, 2021 was approved by circular resolution.

On May 28, 2021, the Administrative Board discussed the status of the audit of the Company's 2020 stand-alone and consolidated financial statements and prepared for the Company's 2021 Annual General Meeting; the compliance declaration and the report of the Administrative Board for the year 2020 were approved.

On June 2, 2021, the Company's consolidated Financials according to IFRS and the Company's stand-alone Financials according to German GAAP were approved by the Administrative Board by circular resolution.

On June 9, 2021 the Administrative Board approved the Date and Agenda of the Company's AGM, the filing of respective Proxy and the signature of the Managing Director Service Agreement with David Clark as the Company's new CFO by circular motion.

In its in-person meeting on July 21, 2021 the Administrative Board discussed in detail the current performance of the Company and the then current risk assessment. The Administrative Board resolved on the appointment of David Clark as CFO of the Spark Group. The Administrative Board further passed several resolutions affecting representation authority for the company's affiliates.

On August 11, 2021, the Administrative Board set up its Committees by circular motion and elected its Chairwoman, its Vice-Chairman and the Chairs of its Committees in a call on August 15, 2021.

On August 23, 2021, the 10Q for the fiscal quarter ending on June 30, 2021 was approved by circular resolution.

On August 25, 2021, the Administrative Board discussed the company's engagement with its stakeholders and its approach on Investor Relations.

On November 9, 2021, the Administrative Board met in person and discussed and reviewed in addition to the current business development, the direction and strategy for 2022 and beyond. The Administrative Board further dealt with the topic of governance and was briefed on current legal developments as well as the current risk assessment.

On November 12, 2021, the Administrative Board approved the 10Q for the fiscal quarter ending on September 30, 2021 by circular resolution.

On December 16, 2021, the Administrative Board focused on the status of the operating business and the budget for 2022.

Between Sep 14 and Dec 31, 2021 the Administrative Board held 6 ad-hoc meetings with the Company's CEO and CFO to discuss performance and strategy. These meetings were attended by the Chairwoman, the Chair of the Audit Committee and Nominating Governance and Compensation Committee, other members of the Administrative Board were invited optionally.

## **Corporate Governance**

In 2021, the Administrative Board discussed and monitored the process and implementation of compliance with the recommendations of the German Corporate Governance Code ("**DCGK**"), taking into account the Company's single-tier system. The Administrative Board addressed and reviewed exceptions to be disclosed in the declaration of conformity according to Section 161

of the *German Stock Corporation Act (AktG)*.

As a general rule, due to the single-tier system of the Company, Spark Networks SE (i) applies those provisions of the DCGK to its Administrative Board which, in the two-tier system of a German stock corporation (*Aktiengesellschaft*), would apply to the Supervisory Board (*Aufsichtsrat*) and (ii) applies those provisions of the DCGK to its managing directors which, in the two-tier system of a German stock corporation (*Aktiengesellschaft*), would apply to the Management Board (*Vorstand*), in each case of (i) and (ii) if and to the extent such provisions are applicable against the background of the statutory provisions applicable to Spark Networks SE as an SE with a single-tier governance system pursuant to Art. 43 - 45 SE-VO, in conjunction with Sections 20 et seq. SEAG.

As the shares of the Company have been listed on NYSE American LLC in 2021, the Company has adopted the corporate governance policies implementing the corporate governance standards set by the New York Stock Exchange Rules. These regulations do not completely correspond with the recommendations of the DCGK.

On July 18, 2022, the managing directors and the members of the Administrative Board approved the declaration of conformity regarding the recommendations of the Government Commission on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (*AktG*) and will make it permanently available to its shareholders on the Company's website at [www.spark.net](http://www.spark.net) together the publication of the 2021 financial statements and the invitation to the 2022 annual general meeting.

### **Conflict of interest**

Members of the Administrative Board are required to disclose potential conflicts of interest immediately in accordance with E.1 DCGK 2019 and United States securities laws. In 2021 no such disclosures were made.

### **Committees**

The Administrative Board has established two committees in accordance with the Company's Articles of Association: the Audit Committee and the Nominating, Governance and Compensation Committee. Both committees shall consist of at least three members in accordance with the Articles of Association of the Company and the Rules of procedure of the Administrative Board, taking into account the NYSE American LLC rules regarding the independence of board members. Mr. Joe Whitters chairs the Audit Committee and Mr. Bradley J. Goldberg chairs the Nominating, Governance and Compensation Committee.

### **Audit Committee**

The Audit Committee is responsible for the accounting issues and for monitoring the accounting

process, internal control system, risk management, compliance, and the statutory audit procedure for the annual financial statements, as well as issuing the audit mandate to the statutory auditors.

In 2021, the Audit Committee focused on reviewing and discussing with management quarterly and annual financial results, earnings guidance and earnings press releases prior to distribution to the public, discussing the scope and results of the audit with the independent registered public accounting firm, overseeing the performance of the internal audit function and the effectiveness of internal controls which included addressing the deficiencies disclosed in the Company's 2021 annual financial statements, and reviewing the 2021 annual statutory financial statements in accordance with the German Commercial Code (*HGB*) and IFRS, and preparing the Administrative Board resolutions on these topics. The Audit Committee was also responsible for selecting, appointing, compensating and overseeing the work of the independent registered public accounting firm, and well as reviewing their qualification, performance and continuing independence.

In 2021, 12 meetings of the Audit Committee were held on March 25, March 29, April 8, May 10, May 26, May 28, May 31, June 3, July 20, August 12, November 5, and December 14, 2021. All committee members attended all meetings of the Audit Committee.

### **Nominating, Governance and Compensation Committee**

The Nominating, Governance and Compensation Committee is responsible for proposing suitable candidates for the position of managing directors and board members, overseeing the evaluation of members of the Administrative Board and management, in particular the appointment and dismissal as well as the compensation of the managing directors, the execution of the Company's long-term incentive plans and it reviews the overall corporate governance of the Company and the Administrative Board.

In 2021, the Nominating, Governance and Compensation Committee met a total of 7 times on January 27, March 1, May 10, May 21, July 20, October 19 and November 23, 2021. All members of the Nominating, Governance and Compensation Committee attended all meetings of the committee.

### **Annual financial statements and consolidated annual financial statements**

BDO USA, LLP, was appointed as independent registered public accounting firm for the Company for the year ended December 31, 2021, and BDO AG Wirtschaftsprüfungsgesellschaft, Katharina-Heinroth-Ufer 1, 10787 Berlin, Germany was appointed as local statutory auditor for the financial statements and group auditor for the consolidated financial statements for the fiscal year 2021 and as auditor for any review of interim financial reports for the fiscal year 2021 and for any review of interim financial reports for the fiscal year 2022 issued before the 2022 Annual General Meeting. The auditor has audited the Company's statutory annual consolidated financial statements which were prepared in accordance with International Financial Reporting Standards („IFRS“), as issued by the

International Accounting Standards Board (“IASB”), including bookkeeping. The auditor's report is unrestricted.

The Audit Committee was closely involved in the review process and informed on the current status of the review process and its results. By circular resolution, the Audit Committee approved the annual financial statements in accordance with the German Commercial Code (“HGB”) and the consolidated annual financial statements (in accordance with IFRS) as prepared by the managing directors, as well as the reports by BDO AG regarding the audit of the German annual financial statements (“HGB”) and the consolidated annual financial statements in accordance with IFRS IASB.

The Administrative Board was regularly informed by phone and by e-mail about the audit, the preparation of the annual financial statements including the status report for the financial year 2021 in accordance with German Commercial Code (“HGB”), and the consolidated annual financial statements including the consolidated status report for the financial year 2021 in accordance with IFRS for the 2021 financial year. The Administrative Board examined the annual financial statements for the financial year 2021 in accordance with the German Commercial Code, the consolidated annual financial statements for the financial year 2021 in accordance with IFRS, as well as the audit reports in detail and no objections were raised. The Administrative Board approved the consolidated financial statements in accordance with IFRS on June 23, 2022 and the annual financial statements of the Company in accordance with the German Commercial Code on June 23, 2022 in accordance with Section 47 (5) SEAG.

### **Personnel changes on the Administrative Board**

At the annual general meeting on August 11, 2021, Ms. Colleen Birdnow Brown, Mr. Bradley J. Goldberg, Ms. Chelsea Grayson, Mr. David Khalil, Mr. Axel Hefer, and Mr. Eric Eichmann were reelected as members of the Administrative Board until the annual general meeting deciding on the discharge for the 2021 financial year, but no longer than for six years after the effective appointment of the respective member to the Administrative Board. Mr. Bangaly Kaba and Mr. Joe Whitters were elected as new members of the Administrative Board until the end of the General Meeting resolving on the discharge for the 2021 financial year, but for no longer than six years after the appointment of the respective Administrative Board member.

All new members of the Administrative Board are supported by the Company with an individualized introduction to their role and responsibilities as a member of the Company's Administrative Board. As part of recurring governance, the whole Administrative Board is provided with a "refresher training" and an update on latest relevant regulatory requirements. Trainings are provided by the Company's SEC Counsel and the Board Counsel who acts as an independent advisor to the Administrative Board. Updates on changed Capital Market Rules, filing obligations and best governance practices are provided by the Board Counsel on a regular base.

The Administrative Board would like to thank the managing directors and all of the Spark group's staff worldwide for their dedication and success in 2021.

**Berlin, July 18, 2022**

**For the Administrative Board**

**Colleen Birdnow Brown**

**Chairwoman of the Administrative Board**