

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

Dear shareholders,

The 2020 financial year was again of the highest strategic importance for Spark Networks SE (the "**Company**"). Following with the merger of Zoosk Inc. and the Company in 2019, Spark Networks SE has used 2020 to integrate the "Zoosk" brand into its portfolio of dating brands and generate corresponding operational synergies, particularly in the area of performance marketing. Under the leadership of Eric Eichmann as CEO, the Company strategically realigned itself, renegotiated the loan agreement ("Loan Agreement") entered into to finance the acquisition of Zoosk Inc. and successfully completed the transition from a "Foreign Private Issuer" to a "Domestic Filer" as defined by the U.S. Securities and Exchange Commission. Despite the global pandemic and the resulting temporary closures of Spark Group's facilities in the U.S. and Germany, the Company's performance remained stable.

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 July 29, 2020, the Company's Annual General Meeting reduced the number of members of the Administrative Board from eight to seven, effective as of the end of such Annual General Meeting.

In 2020, 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 integration of Zoosk Inc, the realignment of the Company, the negotiation of the credit agreement and as well as to accompany and monitor the transition from the status of a "Foreign Private Issuer" to a "Domestic Filer". 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 2020, 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 2020, 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 under a new CEO;
- the impact of a global pandemic and the changed processes; and
- the preparation for changing processes and obligations resulting from the changing status of Spark Networks SE from the perspective of the U.S. Securities and Exchange Commission as of January 01, 2021.

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 the preparation for the change from the status of a "Foreign Private Issuer" to a "Domestic Filer", the stronger product orientation, the renegotiation of the Loan Agreement and the operational integration of Zoosk Inc. 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 2020 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, in particular the renegotiation of the Loan Agreement and the changed status with regard to the obligations under U.S. capital markets law.

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 of the Administrative Board was 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 half-year figures and financial statements of the Company and reports of the Company during the 2020 financial year. All members of the Administrative attended all meetings.

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

The Administrative Board, held 6 meetings in 2020: Due to the global pandemic, the Administrative Board meetings were held via video conference. In addition, the Administrative Board has passed several resolutions by way of circular voting.

The individual meetings had the following content:

On January 21, 2020, the Administrative Board mainly decided on the compensation of the managing directors, the target achievement of the managing directors in 2019, the corporate targets as well as individual targets for 2021, and the introduction of a new long-term incentive plan for executives and strategically important employees of the Spark Group.

On March 25, 2020, the Administrative Board discussed the current performance of the business, key strategic initiatives, such as the review and renegotiation of the Loan Agreement.

On June 11, 2020, the F-20 consolidated financial statements for the year 2019 were approved by circular resolution.

On June 15, 2020, by circular resolution, the compliance declaration and the report of the Administrative Board for the year 2019 were approved.

On July 16, 2020, the Administrative Board discussed in detail the current state of the business,

important initiatives such as the renegotiation of the Loan Agreement, the general consequences for the Company resulting from the business model of the Company but in particular the consequences for the Company resulting from the increased risk in terms of data security and data protection during the global pandemic.

On July 31, 2020, the Administrative Board elected its Chairman, his deputy, and the members of the Audit and Presiding Committee by circular motion.

On October 15, 2020, the current performance of the business was reviewed, discussions on the Company's objectives for 2021 were initiated, and various resolutions were passed to revise the various statutes for the Administrative Board committees as well as important compliance guidelines of the Company, among other things on the topic of "insider trading". It was also decided to rename the Presiding Committee the "Governance, Nomination and Compensation Committee" and to entrust it with further responsibilities.

On November 23, 2020, in addition to the current business development, the conclusion of an amendment to the existing Loan Agreement was discussed and resolved. The Administrative Board also dealt with the topic of governance and was briefed on current legal developments and the resulting duties of the members of the Administrative Board in a training session.

On December 15, 2020, the Administrative Board focused on the status of the operating business and the budget for 2021.

## **Corporate Governance**

In 2020, 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-tiersystem. 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 are listed on NYSE American LLC, 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 May, 28 2021, 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 2020 financial statements and the invitation to the 2021 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 2020 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 Nomination, 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. Ms. Colleen Birdnow Brown chairs the Audit Committee and Mr. Bradley J. Goldberg chairs the Nomination, 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 2020, the Audit Committee focused on monitoring the accounting process, preparing for the Company's changed reporting status as a "Domestic Filer" as of January 01, 2021, addressing the deficiencies identified in the Company's 20F ("Material Weaknesses" and "Significant Deficiencies"), the preliminary review of the 2019 annual financial statements in accordance with the German Commercial Code (*HGB*) and IFRS, and preparing the Administrative Board resolutions on these topics.

In 2020, 8 meetings of the Audit Committee were held on March 24, June 10, June 25, July 15, August 11, August 14, October 14, and November 16, 2020. All committee members attended all meetings of the Audit Committee.

## **Nomination, Governance and Compensation Committee**

The Nomination, 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 2020, the Nomination, Governance and Compensation Committee met a total of 6 times on March 17, April 23, July 15, September 23, October 14 and December 14, 2020 All members of the Nomination, Governance and Compensation Committee attended all meetings of the committee.

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

KPMG AG, Wirtschaftsprüfungsgesellschaft, Klingelhöferstr. 18, 10785 Berlin was appointed as the Company's auditor for the annual financial statements and the consolidated annual financial statements at the annual general meeting on July 29, 2020. The auditor has audited the Company's statutory annual financial statements, which were prepared in accordance with the German Commercial Code ("*HGB*") and the 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. At the meeting on June 10, 2020, the Audit Committee intensely discussed 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 KPMG AG regarding the audit of the German annual financial statements ("*HGB*") and the consolidated annual financial statements in accordance with IFRS IASB. The auditor reported on all findings in detail and comprehensively answered questions from the Audit Committee.

The Administrative Board was regularly informed by phone and by e-mail about the audit, the preparation of the annual financial statements in accordance with German Commercial Code ("*HGB*"), and the consolidated annual financial statements in accordance with IFRS for the 2019 financial year. The Administrative Board examined the annual financial statements in accordance with the German Commercial Code, the consolidated annual financial statements 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 2, 2021 and the annual financial statements of the Company in accordance with the German Commercial Code on June 2, 2021 in accordance with Section 47 (5) SEAG.

## Personnel changes on the Administrative Board

At the annual general meeting on July 27, 2020, Mr. David Khalil, Mr. Bradley J. Goldberg, Ms. Colleen Birdnow Brown, Mr. Axel Hefer, and Ms. Cheryl Law were appointed as members of the Administrative Board until the annual general meeting deciding on the discharge for the 2020 financial year, but no longer than for six years after the effective appointment of the respective member to the Administrative Board. Mr. Eric Eichmann and Ms. Chelsea Grayson were elected as new members of the Administrative Board until the end of the General Meeting resolving on the discharge for the 2020 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 2020.

Berlin, June 3, 2021

For the Administrative Board

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David Khalil

Chairman of the Administrative Board