

bet-at-home

LIFE IS A GAME!



INTERIM FINANCIAL REPORT

as at 30 June 2020

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REPORT BY THE MANAGEMENT BOARD

Dear shareholders,

the effects of the COVID-19 pandemic were clearly noticeable economically for the bet-at-home.com AG Group from mid-March 2020 with the cancellation or postponement of national and international sporting events. On March 16, we successfully transferred the majority of employees across the group to home office solutions and created technical conditions, so that all operational processes, including technological developments, could be continued without delays. At this point we would like to express our thanks to all employees for the smooth transition to teleworking mode and the exemplary commitment.

From the time of the lockdown of sports events in mid-March 2020, the demand for alternative betting offers remained almost unchanged, after which the customers of the bet-at-home.com AG Group switched to eSports and different fringe sports. With the gradual resumption of activities in the national European soccer leagues in the course of May and the postponement of important events such as the Champions League or Europa League, the summer months, which are usually weak in terms of turnover, will be positively influenced. In addition, we are pleased to see the resumption of international tennis tournaments in the second half of 2020. Regardless of this, the online gaming segment including casino, live casino, virtual sports and poker was not negatively affected by the pandemic.

Overall, gross betting and gaming revenue in the first half of 2020 was EUR 62.3 million and therefore 12.4% below the previous year's figure due to the COVID-19-related losses in betting volume and legal restrictions in individual markets. The negative effects from regulatory developments were already foreseeable in the planning phase at the end of fiscal year 2019 and were accordingly considered in the budget for 2020 as a whole.

Marketing investments in the first half of 2020 are at EUR 13.6 million, hence significantly lower than in the same period of the previous year due to the postponement of the European Football Championship to 2021.

With an EBITDA of EUR 15.8 million in the first half of 2020, we are on target with regard to our forecast for the year of EUR 23 million to EUR 27 million. With the start of the European football leagues in Q3 2020, the hosting of the Champions League and Europe League in August and the expected resumption of international tennis tournaments, a large number of sports competitions and thus betting opportunities for our customers will take place in the second half of 2020. This gives us reason to remain optimistic and has prompted us to once again confirm our EBITDA expectations for 2020 as a whole. We also again confirm our expectation of gross betting and gaming revenue for 2020 as a whole within a range of EUR 120 million and EUR 132 million.

In a challenging international capital market environment, the bet-at-home.com AG Group was able to increase its cash and cash equivalents and short-term time deposits to EUR 60.7 million as of June 30, 2020 - this corresponds to EUR 8.65 per share. In addition, the group's equity rose to EUR 51.6 million, which is EUR 10.0 million above the value as of December 31, 2019. This corresponds to a group equity ratio of 50.6% for the first half of the year.

The Annual General Meeting of bet-at-home.com AG on July 7, 2020 approved the resolution proposed by the Management and Supervisory Board to distribute a dividend of EUR 2.00 per share with a predominant majority. This corresponds to a dividend yield of 5.0% on the day of the Annual General Meeting.

We look back on a very challenging but likewise also successful reporting period and would like to thank those, who helped bet-at-home to this favorable first half of 2020. We would also like to express our special thanks to our business partners and shareholders for the trust they have placed in us. We hope that you will continue to accompany us on our future journey!

Franz Ömer
CEO

Michael Quatember
CEO

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REPORT BY THE SUPERVISORY BOARD

Dear ladies and gentlemen,

in the first half of 2020, bet-at-home.com AG Group's business operations developed successfully, despite the challenges of the COVID-19 pandemic and the associated effects on international sports. To protect the health of our shareholders, employees and all service providers, the Supervisory Board, together with the Management Board, decided to hold the Annual General Meeting, which usually takes place physically in the first half of the year, as a virtual General Meeting in July 2020. At this virtual Annual General Meeting on July 7, 2020, all proposed resolutions were adopted with a majority of votes, including the payment of a dividend of EUR 2.00 per share.

The Supervisory Board was involved in this sustainable development of the bet-at-home.com AG Group. It carried out its responsibilities and duties in accordance with the law and the articles of association and regularly monitored the work of bet-at-home.com AG's Management Board, as well as offering advice and support.

The Supervisory Board of bet-at-home.com AG met on 26 March 2020, on 20 May 2020 and on 7 July 2020 in virtual conferences, where especially the company's strategy was discussed with the Management Board. At the Supervisory Board meeting on 26 March 2020, the financial statements, consolidated financial statements, the combined management report, related parties report, the corporate governance report as well as audit procedures and reports were discussed with PKF FASSELLT SCHLAGE Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte, Duisburg, the auditor appointed by the general meeting of shareholders.

Information and opinions were constantly exchanged among the members of the Supervisory Board. Several decisions were made by written resolution without a meeting. As in the past, there was no need to form committees, as there are only three Supervisory Board members.

During the period under review, the Management Board provided us with regular updates on the Group's strategy, business development, financial situation and significant business matters, such as regulatory developments, tax issues and risks. Discussions were held with the Management Board about the strategic development, the current and forecast figures, the marketing concept, anti-money laundering measures, regulatory developments in the gambling and betting sector and ongoing administrative and legal proceedings. Based on the information we have obtained, we believe that business was conducted appropriately.

We especially thank the Management Board of bet-at-home.com AG and all the Group's staff members. They have contributed significantly to the Group's positive development through their great commitment and excellent work.

Düsseldorf, July 2020

The Supervisory Board

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THE SHARE

DEVELOPMENT OF THE SHARE IN THE FIRST HALF OF 2020

The COVID-19 pandemic did not leave its mark on the international financial markets either, in particular the suspension of top-level sport and the primary uncertain time frame for resuming sports activities had a negative impact on all sports betting providers. The bet-at-home share reached its low in the reporting period on March 18, 2020 at EUR 18.28. After the initial shock on the financial markets, the share price recovered rapidly.



Investor Relations

Even in times of travel restrictions, bet-at-home is committed to an open and active communication with institutional investors, analysts, financial journalists, private investors and other stakeholders in order to present the company as faithfully as possible and thus to meet the capital market's expectations for transparency while boosting the capital market's trust in the share. To achieve this goal, numerous individual and group discussions were held with investors, analysts and journalists from the financial centers of Europe and the USA via video conferences in the first half of 2020. In this way, the personal contact with investors and interested parties could be intensified and maintained unchanged from the previous extent.

Discussions with analysts and investors focused on the effects of the COVID-19 pandemic on the asset, financial and earnings position, the regulatory development in the individual markets, the ongoing growth potential of the dynamic industry for online sports betting and online gaming, as well as strategic questions about the future use of the bet-at-home.com AG Group's cash and cash equivalents.

Dividend

In order to enable our shareholders to participate in the company's success through profit distributions, in addition to potential gains in the share price development, bet-at-home.com AG has been pursuing a continuous distribution policy since the financial year 2011.

The virtual Annual General Meeting on July 7, 2020 accepted the proposal by the Management Board and the Supervisory Board to distribute a dividend of EUR 2.00 per share. This corresponds to a dividend yield of 3.78% at the 2019 year-end share price.

Dividend per share (dividend yield in %)	
FY 2019	EUR 2.00 (3.78%)
FY 2018	EUR 6.50 (14.19%)
FY 2017	EUR 7.50 (7.21%)
FY 2016	EUR 7.50 (9.38%)
FY 2015	EUR 2.25 (4.66%)
FY 2014	EUR 0.60 (2.08%)
FY 2013	EUR 0.40 (2.36%)
FY 2012	EUR 0.30 (2.70%)
FY 2011	EUR 0.30 (2.44%)

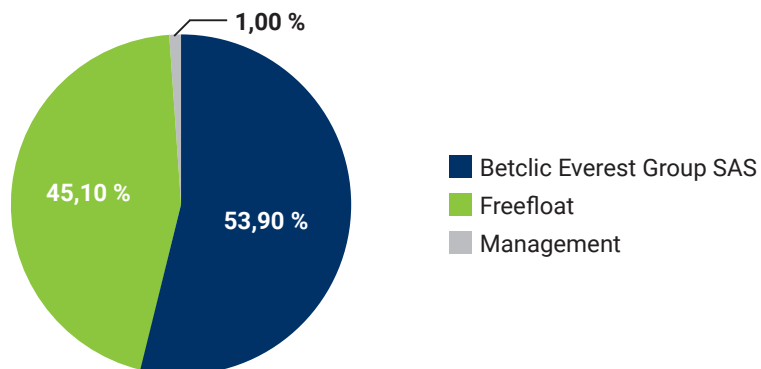
Stable Shareholder Structure

With Betclac Everest Group SAS and its 53.90% stake, the company has a stable core shareholder with its sights set on the long term. Betclac Everest, France, is a European group with shares in online gaming providers based in France that invests in strong brands like bet-at-home, Betclac, Everest Poker and Expekt. Société des Bains de Mer (SBM) with head office in Monaco (ISIN: MC0000031187) and a broad portfolio of casinos, hotels and restaurants, as well as the LOV Group founded by Stéphane Courbit with focus on companies with increasing growth and deregulation hold equal shares in the Betclac Everest Group SAS.

The management of bet-at-home holds 1.00% of the shares, resulting in a free float of 45.10% as of 30 June 2020.

Despite having a strong core shareholder, bet-at-home.com AG regards itself as a public company with a broadly diversified free float. In the context of investor relations activities, the requirements of Deutsche Börse for transparency and information have always been exceeded in the past.

Despite having a strong core shareholder, bet-at-home.com AG regards itself as a public company with a broadly diversified free float. In the context of investor relations activities, the requirements of Deutsche Börse for transparency and information have always been exceeded in the past.



Financial Calendar 2020

09/11/2020	10.00 am	Quarterly Statement Q1-Q3 2020
08/03/2021	10.00 am	Full Year Results 2020

Key Share Data

ISIN	DE000A0DNAY5
Securities identification number	A0DNAY
Ticker symbol	ACX
Trading segment	Regulated market (Prime Standard)
Research coverage	Edison Investment Research (London) Frankfurt Main Research AG (Frankfurt) Hauck & Aufhäuser (Hamburg) Warburg Research (Hamburg)

Fundamentals as at 30 June 2020

Total number of shares	7,018,000
Market capitalisation	EUR 270.2 million
Cash and cash equivalents	EUR 60.7 million
Enterprise value	EUR 209.5 million

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

bet-at-home.com AG, Düsseldorf

ASSETS

		Note	30/06/2020		31/12/2019
		No.	EUR	EUR	EUR
A.	Non-current assets				
1.	Intangible assets		996,738.96		946,607.95
2.	Goodwill	(9)	1,369,320.30		1,369,320.30
3.	Leased office buildings	(10)	2,934,415.20		3,369,683.75
4.	Property and equipment	(11)	2,720,517.59		2,486,273.20
			8,020,992.05		8,171,885.20
B.	Current assets				
1.	Receivables from taxes		24,462,247.14		23,684,877.24
2.	Own advance payments	(12)	1,908,678.45		1,885,676.42
3.	Other receivables and assets	(13)	6,902,570.18		6,680,417.47
4.	Short-term fixed deposits	(14)	5,000,000.00		5,000,000.00
5.	Cash and cash equivalents	(15)	55,722,043.35		49,756,317.60
			93,995,539.12		87,007,288.73
Total assets			102,016,531.17		95,179,173.93

EQUITY & LIABILITIES

		Note	30/06/2020		31/12/2019
		No.	EUR	EUR	EUR
A.	Equity				
1.	Share capital	(16)	7,018,000.00		7,018,000.00
2.	Capital reserves	(16)	7,366,000.00		7,366,000.00
3.	Total comprehensive income	(16)	37,198,770.01		27,250,566.64
			51,582,770.01		41,634,566.64
B.	Non-current liabilities				
1.	Provisions for employee benefits	(17)	66,441.09		66,441.09
2.	Lease liabilities	(17)	2,154,481.46		2,566,160.45
			2,220,922.55		2,632,601.54
C.	Current liabilities				
1.	Trade payables	(18)	3,528,703.05		4,168,475.18
2.	Liabilities from taxes	(19)	32,398,157.67		32,059,223.61
3.	Short-term provisions	(20)	1,352,885.88		1,608,008.34
4.	Customer payables	(21)	6,585,144.26		7,354,388.78
5.	Lease liabilities	(22)	837,494.30		845,199.22
6.	Other liabilities	(23)	3,510,453.45		4,876,710.62
			48,212,838.61		50,912,005.75
Total equity and liabilities			102,016,531.17		95,179,173.93

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CONSOLIDATED INTERIM STATEMENT OF INCOME

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

bet-at-home.com AG, Düsseldorf

	Note	01/01 - 30/06/2020	01/01 - 30/06/2019
	No.	EUR	EUR
Gross betting and gaming revenue	(1)	62,307,123.71	71,090,038.27
Betting fees and gambling levies	(1)	-10,874,737.60	-10,214,500.26
VAT on electronic services	(1)	-2,372,129.13	-2,186,584.85
Net betting and gaming revenue		49,060,256.98	58,688,953.16
Other operating income	(2)	772,262.74	693,407.12
Total operating income		49,832,519.72	59,382,360.28
Personnel expenses	(3)	-9,804,669.41	-9,637,697.02
Advertising expenses	(4)	-13,598,177.85	-16,681,952.74
Other operating expenses	(4)	-10,587,983.32	-11,740,645.21
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		15,841,689.14	21,322,065.31
Depreciation and amortisation	(5)	-926,120.39	-943,134.46
Earnings before interest and taxes (EBIT)		14,915,568.75	20,378,930.85
Financial income	(6)	780.33	77,769.76
Financial expenses	(6)	-50,353.88	-63,341.09
Earnings before taxes (EBT)		14,865,995.20	20,393,359.52
Taxes on income and earnings	(7)	-4,917,791.83	-7,618,221.38
Consolidated profit for the period		9,948,203.37	12,775,138.14

Earnings per share		
Basic earnings per share	1.417526841	1.820338863
Diluted earnings per share	1.417526841	1.820338863

**IFRS-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020**
bet-at-home.com AG, Düsseldorf

	01/01 - 30/06/2020	01/01 - 30/06/2019
	EUR	EUR
Consolidated profit for the period	9,948,203.37	12,775,138.14
Items that are potentially reclassifiable to profit or loss	0.00	0.00
Items that are not potentially reclassifiable to profit or loss	0.00	0.00
Income tax and other recognised income and expense	0.00	0.00
Other comprehensive income	0.00	0.00
Comprehensive income	9,948,203.37	12,775,138.14

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

bet-at-home.com AG, Düsseldorf

	Note	30/06/2020	30/06/2019
	No.	EUR'000	EUR'000
Earnings before taxes (EBT)		14,866	20,393
+ Depreciation of non-current assets	(5)	926	943
+/- Increase/decrease in provisions		-255	-829
-/+ Increase/decrease in trade and other receivables not attributable to investing or financing activities		-1,023	2,284
+/- Increase/decrease in trade and other payables not attributable to investing or financing activities		-2,436	10,111
- Payments for income taxes		-4,918	-7,618
= Cash flows from operating activities		7,160	25,284
- Acquisition of assets (excluding investments)		-775	-4,664
= Cash flows from investing activities		-775	-4,664
- Redemption of lease liabilities		-419	0
- Payments to shareholders (dividends)		0	-45,617
= Cash flows from financing activities		-419	-45,617
= Net cash from operating, investing and financing activities		5,966	-24,996
+ Cash and cash equivalents at 1 January		49,756	68,774
= Cash and cash equivalents at 30 June	(15)	55,722	43,777

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INTERIM STATEMENT OF CHANGES IN GROUP EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020
bet-at-home.com AG, Düsseldorf

	Share capital	Capital reserves	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR
As at 01/01/2019	7,018,000.00	7,366,000.00	54,904,039.24	69,288,039.24
Profit for the year	0.00	0.00	12,775,138.14	12,775,138.14
Total recognised gains and losses	0.00	0.00	12,775,138.14	12,775,138.14
Dividend distribution	0.00	0.00	-45,617,000.00	-45,617,000.00
As at 30/06/2019	7,018,000.00	7,366,000.00	22,062,177.38	36,446,177.38

	Share capital	Capital reserves	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR
As at 01/01/2020	7,018,000.00	7,366,000.00	27,250,566.64	41,634,566.64
Profit for the year	0.00	0.00	9,948,203.37	9,948,203.37
Total recognised gains and losses	0.00	0.00	9,948,203.37	9,948,203.37
Dividend distribution	0.00	0.00	0.00	0.00
As at 30/06/2020	7,018,000.00	7,366,000.00	37,198,770.01	51,582,770.01

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

bet-at-home.com AG, Düsseldorf

I. GENERAL DISCLOSURES AND ACCOUNTING PRINCIPLES

bet-at-home.com AG, based at Tersteegenstrasse 30, Düsseldorf, Germany, and registered at Düsseldorf District Court under file number HRB 52673 (as holding company), prepared its interim consolidated financial statements for the period ended 30 June 2020 in accordance with international accounting standards.

The interim consolidated financial statements for the period ended 30 June 2020 of bet-at-home.com AG were prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in the EU, by taking account of the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The group management report for the six-month period ended 30 June 2020 has been prepared in accordance with the provisions of the German Commercial Code [HGB].

These interim consolidated financial statements were generally prepared using the same accounting policies as applied to the previous year's consolidated financial statements as at 31 December 2019.

The following standards and interpretations have already been published, but were not yet mandatory for the consolidated financial statements for the period ended 30 June 2020:

Standard / interpretation	Title	Issued in	Date of EU endorsement	Mandatory for reporting periods beginning on or after
STANDARDS				
IFRS 17	Insurance contracts	May 17	t.b.a.	01.01.2023
AMENDMENTS				
IFRS 3	Business combinations	May 20	t.b.a.	01.01.2022
IAS 1	Classification of debt as non-current and current	Jan. 20	t.b.a.	01.01.2023
IAS 16	Property, plant and equipment	May 20	t.b.a.	01.01.2022

Standard / interpretation	Title	Issued in	Date of EU endorsement	Mandatory for reporting periods beginning on or after
IAS 37	Provisions, contingent liabilities, contingent assets	May 20	t.b.a.	01.01.2022
AIP 2018-2020	Annual improvements IFRS 1, IFRS 9, IFRS 16, IAS 41	May 20	t.b.a.	01.01.2022

It is not anticipated that the initial application of the other standards and interpretations stated above will have any significant effect on the future presentation of bet-at-home.com AG's financial position, financial performance and cash flows. The Company chose not to exercise the option of voluntary early application of these standards and interpretations.

The core business of the Company's associates is sports betting and casino and poker games, which is exclusively offered online.

These interim consolidated financial statements are denominated in euros.

The consolidated income statement has been prepared in accordance with the nature of expense method.

Since 5 September 2009, Betclie Everest Group SAS, Paris, France has held a controlling interest in the bet-at-home.com group parent. Betclie Everest Group SAS (company registration no. 501 420 939) prepares consolidated financial statements for the largest circle of group companies that are included in the consolidated financial statements of bet-at-home.com AG.

Totals in amounts and percentages are subject to rounding differences.

II. CONSOLIDATED GROUP

General information

The consolidated financial statements include the accounts of bet-at-home.com's Austrian subgroup Entertainment GmbH, which has its registered office in Linz, Austria. These subgroup accounts of bet-at-home.com Entertainment GmbH include five subsidiaries (second-tier subsidiaries of bet-at-home.com AG, Düsseldorf) in which bet-at-home.com Entertainment GmbH holds all direct and indirect voting rights. Bet-at-home.com AG holds all voting rights in bet-at-home.com Entertainment GmbH.

In addition to the group parent, bet-at-home.com AG, the following subsidiaries and/or second-tier subsidiaries were fully consolidated in the reporting period:

- bet-at-home.com Entertainment GmbH, Linz, Austria (100% interest)
- bet-at-home.com Holding Ltd., Portomaso, Malta (100% interest)
- bet-at-home.com Entertainment Ltd., Portomaso, Malta (100% interest)
- bet-at-home.com International Ltd., Portomaso, Malta (100% interest)
- bet-at-home.com Internet Ltd., Portomaso, Malta (100% interest)
- Jonsden Properties Ltd., Gibraltar (100% interest)

bet-at-home.com AG holds 2 % each of the shares in the four Maltese companies due to requirements under Maltese company law.

There are no non-controlling interests in group equity. The Group's profit (loss) for the period does not comprise amounts attributable to shareholders of other companies.

Changes in the consolidated group

There were no changes in group entities in the first half of 2020.

III. BASIS OF CONSOLIDATION

All financial statements included in the interim consolidated financial statements have been prepared in accordance with the same accounting policies. The separate financial statements of consolidated domestic and international entities and the Austrian subgroup accounts were all prepared as at the group reporting date and consolidated in accordance with International Financial Reporting Standards on the basis of a fictitious legal entity. The interim consolidated financial statements for the period ended 30 June 2020 have not been audited.

In accordance with IFRS 3.85 (limited retrospective application), from 1 January 2004 IFRS 3 (Business Combinations) and the revised standards IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) were applied early with retrospective effect to the Maltese second-tier subsidiaries, which were included in the Austrian subgroup accounts for the first time in 2004. Capital is consolidated by applying the revaluation method. The investment carrying amounts have been offset against the subsidiaries' proportional revalued equity capital (purchase accounting). The initial consolidation of the Maltese second-tier subsidiaries did not result in any excess or deficit. The difference of EUR 2 thousand uncovered during the initial consolidation of Jonsden Proper-

ties Ltd., Malta, in the Austrian subgroup accounts in 2008 was stated as goodwill on account of a lack of identifiable assets and fully written off in the same year.

Jonsden Properties Ltd. concluded joint venture agreements with both bet-at-home.com Internet Ltd. and bet-at-home.com Entertainment Ltd. in accordance with IAS 31.3 (Agreement for Shared Conduct of Business), according to which each partner company uses its own assets, carries its own expenses, enters into its own liabilities and procures its own financing while carrying out all economic activities on a joint venture basis.

The Austrian subgroup was consolidated for the first time as at 31 December 2005. All hidden reserves to be recognised were disclosed in the Austrian IFRS subgroup accounts. The subgroup was therefore consolidated based on the subgroup's equity as determined using the acquisition method. The initial consolidation resulted in a surplus of EUR 1,052 thousand. This surplus was recognised as goodwill in the consolidated financial statements. There was no evidence of impairment of the goodwill.

As part of the consolidation of intercompany debts, intercompany trade receivables and loans and other receivables were eliminated against the corresponding payables and provisions. As part of the consolidation of intercompany revenues and expenses, revenues from intercompany trade receivables were eliminated against expenses from intercompany trade payables. Any significant gains and losses on intercompany transactions during the six-month period were eliminated against each other. Any discounts and other entries affecting only profit or loss were eliminated in preparing the interim consolidated financial statements.

IV. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures in the notes to the interim consolidated financial statements and in the consolidated income statement. These estimates and related assumptions are based on historical information and other factors deemed appropriate under the circumstances, and which serve as the basis for assessing the carrying amounts of assets and liabilities that cannot be derived from other sources. Actual outcomes may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements made in applying IFRS with a significant effect on the amounts recognised

in the consolidated financial statements and estimation uncertainties that may give rise to the risk of having to make material adjustments to recognised assets and liabilities in the coming financial years, were as follows:

- Estimating the likelihood of a positive outcome of pending civil-law and administrative proceedings and changes in the regulatory environment.
- Goodwill, the customer base and software was tested for impairment based on the expected future cash flows and interest rates.

Intangible assets and property, plant and equipment

Acquired intangible assets and office equipment are measured at cost less write-downs.

No internally produced intangible assets are capitalised. The development costs incurred in 2018 and 2019 do not meet the recognition criteria of IAS 38.

Assets subject to wear and tear are written down over their estimated useful lives using the straight-line method. The following depreciation and amortisation rates were used for estimating the useful lives of assets:

	Years
Operating and office equipment	3-10
Customer base	2
Software	3

If an asset acquired during the financial year is used for more than six months, the depreciation or amortisation charge recognised for the asset in the subgroup accounts will be the full annual amount; in the case of a shorter period of use, half the annual amount or the monthly amount is used. In the Austrian subgroup, assets acquired at a cost of EUR 400 or less are fully written down in the year of acquisition and immediately recognised as disposals. In Germany, such items are written down on a pro rata temporis basis. Assets acquired at a cost of EUR 150 or less are expensed in full in the year of acquisition. The different approach does not have any material impact on the Group's financial position, financial performance and cash flows.

Intangible assets with finite useful lives and items of property, plant and equipment are tested for impairment. If there is evidence of impairment, the recoverable amounts for the relevant assets are determined. If the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised.

Goodwill

Goodwill has an indefinite useful life and is not amortised, but tested annually for impairment instead (“impairment-only” approach). If the recoverable amount of goodwill, which is the higher of its fair value less costs to sell and its value in use, is lower than its carrying amount, an impairment loss is recognised.

Financial assets and liabilities

Financial assets and liabilities are recognised as soon as contractual rights or obligations are incurred. These transactions are recognised as at the measurement date. They are derecognised as soon as control over such contractual rights (including the asset) ceases. This is usually the case when the asset is sold or all cash flows relating to the asset are directly transferred to an independent third party.

Cash and cash equivalents and short-term deposits

bet-at-home.com AG treats cash, demand deposits and time deposits with remaining maturities of up to three months as cash and cash equivalents. Long-term deposits with maturities between three to a maximum of 12 months are stated as short term deposits.

Receivables and other assets

In accordance with IFRS 9, receivables and other assets as well as cash and cash equivalents must be allocated to the ‘at amortised cost’ category. A credit risk does not exist. The debtors are usually financial and similar institutions with excellent credit ratings. No defaults worth mentioning have occurred in the past and are not expected to occur in the future.

Provisions for severance pay

Due to historic legal contractual obligations, bet-at-home.com Entertainment GmbH must render a one-off severance payment (redundancy payment) to employees if their contract is terminated or upon retirement. The amount depends on the number of years of service and the relevant salary level at the time of severance (redundancy) or retirement.

A provision is made for such obligations. Provisions for employee benefits were calculated by an actuary as at 31 December 2019 in accordance with IAS 19 (Employee Benefits) and recognised in profit or loss.

As the anticipated actuarial gains and losses pertain to one employee only, they are also expected to be low in the future. The actuarial gains and losses are therefore stated in personnel expenses.

The interest cost and employee service cost remain included in the personnel expenses and are not presented in net finance income (costs).

Other provisions

Other provisions are recognised if it appears likely that legal or actual obligations to third parties due to past events may occur, but have not occurred yet. However, it must be probable that these obligations will result in future cash outflow. Provisions are recognised at the amount that can be determined using best estimates as at 30/06/2020. When a reasonable estimate is not possible, no provision is recognised but this is disclosed in the notes to the consolidated financial statements instead.

Trade payables

Trade payables are recognised at cost, which is equal to the settlement amount.

Revenue recognition

bet-at-home.com AG Group generates its income from the conclusion and processing of sports bets and the provision of various other online games in the Online Gaming division. In line with the practices in the industry, the net income from bets and/or wagers placed by customers and payouts to customers is initially recognised as gross betting and gaming revenue. The net betting and gaming revenue recognised in the consolidated income statement is the amount left after deducting betting fees and gambling levies as well as any VAT on electronic services payable on this income.

All of the bets originally recognised at the Maltese second-tier subsidiary are recognised in relation to dates if the underlying bets have already been decided, subject to the wagers placed until the reporting date. Bets deducted from the customers' clearing accounts before the reporting date where the sport events underlying the bets only take place after the reporting date (pending bets) are recognised as financial liabilities to customers in accordance with IFRS 9.

Income taxes

Deferred taxes are determined in accordance with IAS 12 (Income Taxes) using the balance sheet liability method. Deferred taxes are computed on the basis of a 25 % income tax rate for Austria and about 5 % for Malta (taking tax refunds into account). The application of IFRS 16 for the operating leases resulted in temporary differences between the values stated in the interim consolidated balance sheet and those in the interim tax balance sheet in the first half of 2020. This resulted in deferred tax assets of EUR 3 thousand.

Net finance income (costs)

Net finance income (costs) includes all interest and similar income on financial assets. Interest is recognised on an accrual basis.

V. COMMENTS ON INDIVIDUAL ITEMS OF THE CONSOLIDATED INTERIM STATEMENT OF INCOME, CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION, CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS AND THE INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

The following sections provide information on items of the consolidated interim statement of income, consolidated interim statement of financial position, consolidated interim statement of cash flows and the interim statement of changes in equity for the period ended 30 June 2020. The previous year's comparative figures were taken from the IFRS consolidated financial statements of bet-at-home.com AG, Düsseldorf, as at 30 June 2019 and/or 31 December 2019.

V.1. COMMENTS ON INDIVIDUAL ITEMS OF THE CONSOLIDATED INTERIM STATEMENT OF INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2020

The consolidated income statement was prepared in accordance with the nature of expense method.

(1) Betting and gaming revenue and segment reporting

For clarity of presentation of the interim consolidated financial statements, betting and gaming revenue is shown in the consolidated income statement. The composition of the betting and gaming revenue is presented in these notes to the consolidated financial statements for the period ended 30 June 2020.

The Group operates in the product and operating segments Sports Betting and Online Gaming. The Online Gaming segment comprises casino, poker, games and virtual sports.

These operating segments correspond to the Group's internal organisational and managerial structure and the internal accounting system. The gross betting and gaming income was defined as segment income.

Segment reporting in accordance with IFRS 8

30/06/2020	Operating segments		Non-allocated segments / consolidation	Group total
	Online sports betting	Online gaming (casino, poker, games, virtual sports)		
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming volume	200,061	1,261,210	0	1,461,272
Paid out winnings	-177,752	-1,221,212	0	-1,398,965
Gross betting and gaming revenue	22,309	39,998	0	62,307
Betting fees and gambling levies	-4,172	-6,703	0	-10,875
VAT recognised in profit and loss	-104	-2,268	0	-2,372
Net betting and gaming revenue	18,033	31,027	0	49,060
Segment assets	12,145	16,712	73,160	102,017

30/06/2019	Operating segments		Non-allocated segments / consolidation	Group total
	Online sports betting	Online gaming (casino, poker, games, virtual sports)		
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming volume	261,578	1,326,818	0	1,588,396
Paid out winnings	-232,825	-1,284,482	0	-1,517,306
Gross betting and gaming revenue	28,754	42,336	0	71,090
Betting fees and gambling levies	-5,148	-5,066	0	-10,215
VAT recognised in profit and loss	-108	-2,079	0	-2,187
Net betting and gaming revenue	23,497	35,192	0	58,689
Segment assets	15,331	24,469	39,980	79,780

The segment assets correspond to the respective total assets of the company operating within the segment.

Segment reporting – supplementary information

Betting and gaming volume can be presented by geographic segment based on player country as follows:

	30/06/2020		30/06/2019	
	EUR'000	in %	EUR'000	in %
Germany	495,211	34%	559,226	35%
Eastern Europe	194,557	13%	275,919	17%
Western Europe (other)	771,503	53%	753,251	47%
	1,461,272	100%	1,588,396	100%

(2) Other operating income

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Exchange rate gains	227	182
Income from the derecognition of irregular betting account balances	131	261
Income from the release of provisions	42	11
Other	372	240
	772	693

(3) Personnel expenses

Breakdown of personnel expenses:

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Salaries	7,728	7,598
Expenses for severance (redundancy) pay and company pension plan contributions	1,911	1,848
Expenses for statutory social contributions and pay-based levies and statutory contributions	108	105
Other social contributions	57	86
	9,805	9,638

Expenses for severance (redundancy) and contributions to company pension plans include payments totalling EUR 108 thousand (1 January to 30 June 2019: EUR 105 thousand) under the Austrian Act on Benefits (New Severance Pay Scheme) for Employees and Self-Employed Persons [BMSVG 'Abfertigung neu'].

Changes in staffing were as follows:

	Reporting date		Average	
	30/06/2020	30/06/2019	01/01 – 30/06/2020	01/01 – 30/06/2019
Employees	288	290	290	294
Management Board of the parent company and managing directors of bet-at-home.com Entertainment GmbH	2	2	2	2

(4) Advertising and other operating expenses

These expenses include the following items:

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Advertising expenses		
Advertising costs	5,737	8,138
Bonuses and vouchers	5,719	6,066
Sponsoring	1,536	1,638
Jackpot expenses	607	839
	13,598	16,682

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Other operating expenses		
Software provider expenses	3,178	3,482
Additional transaction costs	2,995	4,136
Information services and software maintenance	1,320	1,158
Legal, audit and advisory fees	804	890
Additions to provisions for impairment losses on receivables, loan losses and claims	630	345
Exchange rate differences and similar expenses	338	252
Costs for the preparation of financial statements, general meeting of shareholders and stock exchange costs	186	250
Supervisory Board compensation	30	30
Other costs	1,107	1,198
	10,588	11,741

(5) Depreciation, amortisation and write-downs

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Amortisation and write-downs of intangible assets	97	91
Write-down of leased office building	435	435
Depreciation and write-downs of property, plant and equipment	377	413
Write-downs of low-value assets	17	3
	926	943

(6) Financial expenses and income

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Finance income		
Interest receivable and similar income	1	78
Finance expenses		
Interest expenses from lease agreements	-50	-63
	-50	14

(7) Income tax expense

This item can be presented as follows:

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Current income taxes	4,701	7,611
Taxes from previous periods	220	2
Deferred taxes	-3	5
	4,918	7,618

(8) Consolidated net profit for the period

The consolidated net profit for the period of EUR 37,199 thousand (1 January to 30 June 2019: EUR 22,062 thousand) is exclusively attributable to the shareholders of the parent company.

V.2. COMMENTS ON ITEMS OF THE CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2020**(9) to (10) Non-current assets**

A breakdown of non-current assets and changes in these assets during the first half of 2020 is presented in the consolidated statement of changes in non-current assets (appendix to the notes).

(9) Goodwill

Composition:

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Acquisition of Wetten-Schwechat business unit	155	155
Acquisition of the Starbet International Ltd. business unit	162	162
Acquisition of bet-at-home.com Entertainment GmbH, Linz (Austria)	1,052	1,052
	1,369	1,369

Acquisition of the "Wetten-Schwechat" business unit

The goodwill remaining after the purchase price allocation in accordance with IFRS 3 amounted to EUR 155 thousand. Pursuant to IFRS 3, this goodwill is not subject to systematic amortisation; it is tested for impairment annually instead. There was no objective evidence of impairment.

Acquisition of the Starbet International Ltd. business unit

In accordance with IFRS 3, this asset deal must be treated in the same way as a share deal. Therefore, initial consolidation was carried out at the date of acquisition pursuant to IFRS 3. Once the disclosed difference had been allocated to identifiable assets, the remainder (EUR 162 thousand) was recognised as goodwill. There was no objective evidence of impairment.

Acquisition of bet-at-home.com Entertainment GmbH, Linz

As at 31 December 2005, the subsidiary bet-at-home.com Entertainment GmbH, including its subgroup, was included and consolidated for the first time. All hidden reserves to be recognised were disclosed in the Austrian IFRS subgroup accounts. The subgroup was therefore consolidated based on the subgroup's equity as determined using the acquisition method. The initial consolidation resulted in a surplus of EUR 1,052 thousand. This surplus was recognised as goodwill in the consolidated financial statements. There was no evidence of impairment of the goodwill.

(10) Leased office buildings

In accordance with the requirements of IFRS 16, the right-of-use assets from existing rental and lease agreements were capitalised for the office space in Düsseldorf, Linz and Malta within bet-at-home.com AG Group.

(11) Property, plant and equipment

A breakdown of property, plant and equipment and changes in these items during the first half of 2020 is presented in the consolidated statement of changes in non-current assets (appendix to the notes).

(12) Own prepayments

Own prepayments pertain to prepayments under advertising, sponsoring and maintenance agreements.

(13) Other receivables and assets

All receivables and other assets have residual maturities of up to one year and comprise the following:

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Receivables from payment service providers	6,481	6,218
Other receivables	422	462
	6,903	6,680

(14) Short-term fixed deposits

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Cash at bank (maturities > 3 months)	5,000	5,000

(15) Cash and cash equivalents

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Cash at bank (maturities < 3 months) and in hand	55,722	49,756

(16) Group equity

Breakdown of the Group's equity:

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Share capital	7,018	7,018
Capital reserves	7,366	7,366
Consolidated net profit for the period	37,199	27,251
	51,583	41,635

For more information on group equity, please also refer to the consolidated statement of changes in equity included in the interim consolidated financial statements.

The Group's share capital is divided into 7,018,000 no par value shares.

The general meeting of shareholders on 18 May 2016 resolved to increase the share capital of the issuer by EUR 3,509,000.00 to EUR 7,018,000.00 through a capital increase from the Company's own funds by issuing 3,509,000 new shares. As announced in the Federal Gazette [Bundesanzeiger] on 15 June 2016, following the capital increase from the Company's own funds, all shareholders were entitled to bonus shares at a ratio of 1:1 to their shareholdings at the close of the stock market on 20 June 2016. These bonus shares were registered on 21 June 2016 (share split). The shareholders' shareholdings did not change as a result of this capital measure.

The reserves are the result of a capital increase in 2005 by 290,000 shares at an issue price of EUR 11.00 per share (totalling EUR 2,900 thousand) and a further capital increase in 2006 by 319,000 shares at an issue price of EUR 26.00 per share (totalling EUR 7,975 thousand). The decrease in 2016 of EUR 3,509 thousand resulted from the conversion for the implementation of the capital increase from the Company's own funds.

Pursuant to the resolution adopted at the general meeting of shareholders on 13 May 2013, the Management Board was entitled, with the Supervisory Board's consent, to increase the company's share capital by 12 May 2018 by issuing new bearer shares (non-par value shares) for cash or non-cash contributions, once or several times, up to a maximum amount of EUR 1,754,500.00. The authorised capital was revoked by shareholder resolution of 18 May 2016.

The general meeting of shareholders on 18 May 2016 resolved to authorise the Management Board, with the Supervisory Board's consent, to increase the Company's share capital by 17 May 2021 by issuing up to 3,509,000 new non-par value bearer shares for cash or non-cash contributions, once or several times, up to an amount of EUR 3,509,000.00.

(17) Non-current liabilities

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Provisions for employee benefits	66	66
Lease obligations	2,154	2,566
	2,221	2,633

In order to calculate the provisions for severance pay (provisions for redundancy pay) in accordance with IAS 19 by applying the projected unit credit method, an actuary's opinion was obtained as at 31 December 2019, which is based on an actuarial interest rate of 0.84 % (previous year: 1.85 %) and an annual growth rate of 2.5 %.

As at 30 June 2020, the application of IFRS 16 resulted in a non-current share in liabilities from the capitalised right-of-use assets from lease agreements (with terms of more than 12 months) in the amount of EUR 2,154 thousand.

(18) to (23) Current liabilities

Current liabilities include the following items:

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Trade payables	3,529	4,168
Liabilities from taxes	32,398	32,059
Short-term provisions	1,353	1,608
Customers payables	6,585	7,354
Lease liabilities	837	845
Other current liabilities	3,510	4,877
	48,213	50,912

Customers payables contain pending bets (in accordance with IFRS 9) in the amount of EUR 505 thousand (31/12/2019: EUR 650 thousand) and customer balances (in accordance with IFRS 15) in the amount of EUR 6,080 thousand (31/12/2019: EUR 6,704 thousand).

Tax liabilities pertain to corporation tax payable in the amount of EUR 29,379 thousand (31/12/2019: EUR 24,682 thousand), betting fees and gambling levies, and VAT on electronic services in the amount of EUR 2,961 thousand (31/12/2019: EUR 3,523 thousand) as well as other taxes in the amount of EUR 59 thousand (31/12/2019: EUR 3,854 thousand).

As at 30 June 2020, the application of IFRS 16 resulted in a current share in liabilities from the capitalised right-of-use assets from lease agreements (with terms of less than 12 months) in the amount of EUR EUR 837 thousand (31/12/2019: 845 thousand).

Other current liabilities include the following items:

	30/06/2020	31/12/2019
	EUR'000	EUR'000
Liabilities to employees	1,959	2,551
Social security liabilities	732	408
Other liabilities	820	1,918
	3,510	4,877

Liabilities to employees comprise outstanding holiday entitlements and overtime and/or bonuses.

Current provisions developed as follows in the first half of 2020 (EUR thousand):

	Balance at 01/01/2020	Utilisation	Release	Addition	Balance at 30/06/2020
Audit and advisory	294	243	42	265	274
Affiliate programme	1,314	235	0	0	1,078
	1,608	479	42	265	1,353

Due to the high amount of cash and cash equivalents within bet-at-home-com AG Group, liabilities to customers and all other liabilities were sufficiently covered in the first half of 2020.

V.3. COMMENTS ON THE CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Cash and cash equivalents recognised in the statement of cash flows exclusively refers to the 'cash at bank an in hand' item in the statement of financial position.

V.4. COMMENTS ON THE INTERIM STATEMENT OF CHANGES IN GROUP EQUITY

Changes in group equity are presented in the consolidated interim statement of changes in equity.

VI. OTHER DISCLOSURES

VI.1. FINANCIAL INSTRUMENTS

For further details on non-derivative financial instruments, see the consolidated statement of financial position. In accordance with IFRS 9, pending bets are recognised as financial liabilities (derivatives). Apart from that, the Group does not deal in any derivative instruments and exclusively holds bank balances, cash and short-term time deposits. The Group also has receivables from payment providers.

Fair value risk management

The financial instruments at fair value are classified according to the levels in the fair value hierarchy, which are defined as follows:

- Level 1: Quoted prices in active markets for identical assets and liabilities.
- Level 2: Inputs that are observable either directly (such as prices) or indirectly (unlisted prices) are used as the basis for calculating assets or liabilities.
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. prices), such as internal models or other valuation techniques.

As at the reporting date, 30/06/2020, pending bets were recognised as financial liabilities in accordance with IFRS 9 (fair value measurement according to level 3) and stated in liabilities to customers. Taking into consideration the fact that these are bets that were placed shortly before the reporting date, the Management Board assumes that the fair value as at the reporting date corresponds to the acquisition costs (market value on the date the bet was placed).

There are no other financial instruments that are measured at fair value.

The risks arising from potential financial instruments (IFRS 7.31, 33(b)) are disclosed in the risk report below.

VI.2. RISK REPORT

The risk report discloses material internal and external risks which may have an effect on the financial position, financial performance and cash flows of bet-at-home.com AG Group. Within the scope of the Group's risk management system, potential risks are identified on the basis of qualitative criteria, their probability of occurrence is determined and their potential effects are explained.

The group parent's Management Board is responsible for establishing risk management policies. Compliance with these policies is monitored by the managing directors and department heads of the subsidiaries. Among the basic components of risk management are general principles for risk prevention, such as the segregation of duties and applying the four eyes principle for important internal controls.

The Management Board is also responsible for identifying negative developments in good time by employing cross-departmental monitoring systems. For example, IT risks are monitored and reported through the voluntary appointment of external certification bodies (such as eCogra), operational risks through automated plausibility checks during the preparation of offers and financial risks through the ongoing analysis of key financial performance indicators.

Also part of this risk management system are provisions on the use of financial instruments. The Group does not hold any derivative financial instruments. Nor does the Management Board intend to use such financial instruments in the future.

VI.2.1 Tax and regulatory risks

In some European countries, betting and gaming providers are targeted by legislative interventions aiming to terminate the offering and operation of their activities, based in particular on regulations enforcing state monopolies on gambling. Based on various rulings by the European Court of Justice, the Management Board assumes that the online sport betting and gaming market in the EU will continue to be deregulated in the long term. However, a number of national laws or draft laws contain discriminatory regulations with respect to foreign providers intended to continue sealing off the market for national providers/monopolists.

The Management Board will continue to closely monitor future developments and strive to obtain online sport betting and gaming licences in countries facilitating fair market access, in an effort to enhance legal certainty. There is a risk that individual countries may illegally block customers from private gaming offers in other countries through provider blocks and payment provider blocks, particularly as such measures are explicitly planned in some new legislation.

Regulatory environment and risks from existing legal uncertainties

Apart from in individual countries whose governments issue their own licenses, bet-at-home.com AG Group bases its activities on online gaming and sports betting licenses issued in Malta. In the legal opinion of bet-at-home.com AG Group, these are effective in all EU member countries due to the freedom of movement within the EU, as long as the regulations regarding online gaming and sports betting continue to violate EU law in the respective member country. bet-at-home.com AG Group also aims to obtain additional national licenses in the individual EU member countries in which it operates.

Individual member countries' decisions to implement discriminatory regulatory measures which have a worse impact on private online betting and gaming providers than government providers and are therefore prohibited in accordance with EU law may prevent bet-at-home.com AG Group from obtaining comprehensive legal protection against such measures within the time required. A temporary exclusion from individual markets may result in bet-at-home.com AG Group incurring unsustainable losses due to the collapse of income, even should the measures subsequently be proven to be illegal.

Individual countries have further implemented provider blocks and/or payment provider blocking measures so as to stamp down on betting and gaming products, in other words potential customers can no longer access the websites of bet-at-home.com AG Group in these countries and/or cash flows are impaired. Such measures have the potential to damage the Group, even in the very short term, and possible quicker than it takes to defend the Group against such measures through the legal channels.

In the first half of 2020, regulatory developments remained marked by further efforts to regulate the online sports betting and gaming sector and establish a licensing system for private providers. Developments in the first half of 2020:

- In Germany, bet-at-home.com Internet Ltd. successfully applied for one of the 20 sports betting licenses issued after the effective date of the Revised Interstate Gambling Treaty on 1 July 2012. The authorities informed the company as early as September 2014 that it will be issued with a license. In the meantime, the tendering procedure was stopped by the supreme court in response to an appeal filed by the losing bidders, meaning that it has been impossible until now to issue a license. In March 2019, the German Minister-Presidents resolved to amend the State Treaty amending the State Treaty on Games of Chance, in which the allocation of sports betting licenses was repealed and at the same time the “Experimentation clause” for sports bets extended until the expiry of the State Treaty on Games of Chance on 30 June 2021. This amendment came into effect on 1 January 2020. As from this date, private providers can apply once more for national sports betting licenses. bet-at-home.com Internet Ltd. submitted its application documents to the authorities in February 2020. The issuance of the sport betting license is linked to material constraints, such as the discontinuation of unlicensed products (such as casino and poker products) as well as monthly betting limits. In its ruling on 1 April 2020, the Darmstadt Administrative Court also suspended this tendering procedure on the grounds of the application submitted by a sport betting provider. The court sustained the applicant’s plea that the criteria for issuing the licenses allegedly were discriminatory and non-transparent. Furthermore, the tender was criticised as deficient and in violation of competition law in the Official Journal of the European Union. The Darmstadt Regional Authority (Regierungspräsidium) responsible for the issuance of the licenses appealed against the decision of the administrative court, which is being examined by the Higher Administrative Court of the Federal State of Hesse. The further course of action depends on the ruling of the highest court. If the illegality and/or suspension of the tendering procedure is confirmed, the entire tender would have to be repeated in conformity with the law. The license bidders would have to be granted sufficient time to prepare and submit their bids. In this case, it would be rather unlikely that the licenses would be issued in 2020. If the Higher Administrative Court suspends the ruling of the lower court, the tendering procedure could be continued and the licenses issued. The ruling of the higher court is unlikely to be issued before autumn 2020. bet-at-home.com AG Group has prepared for both scenarios to be able to respond without delay.

In March 2020, the German federal states agreed to a new Gaming Treaty (Glücksspielsstaatsvertrag) which is to come into effect upon expiry of the existing regulation in mid-2021. For the first time in Germany, online slots and online poker are to be introduced into a national licensing system in addition to sport bets. The individual federal states will be able to decide if they wish to issue licenses to private providers as well for traditional casino games (such as Roulette and Blackjack), including live casino, or if such products are to be reserved exclusively for businesses and/or casinos in their own states. The draft bill was submitted to the European Commission for notification in May 2020. It is to be expected that the gaming treaty will be notified in 2021 without major reservations and ratified by the individual federal state parliaments so that the new regulation will be able to come into effect on 1 July 2021, as planned. The Management Board welcomes the fact that online casino product

licenses are to be issued for the first time in Germany, thus providing legal security. At the same time, an appeal has to be made to all the federal states to also issue licenses for casino games for private providers in a fair tendering procedure.

For the transition period until the effective date of the gaming treaty in 2021, the federal states are discussing the possibility of temporary “tolerating” the licensable casino products under certain conditions, meaning that the enforcement actions in this sector could be suspended.

- On 1 April 2017, an amendment to the gambling laws of Poland already became effective. It generally enables private providers to apply for a sports betting license. One single online casino license was issued to the government provider, which constitutes illegal discrimination against foreign providers under EU law. The sports betting policy also contains unattractive general economic conditions as well as illegal provisions under EU law. Since July 2017, the Group has been subject to enforcement measures by the authorities such as IP blocking and payment blocking. The Group therefore decided to maintain its offer, not to apply for a license for now and to take legal action against the discriminatory regulations. The main objective of the initiated legal steps is to affect a request of remittance to the European Court of Justice which should review the provisions of European law regarding the Polish gambling laws and determine that these violate EU law. The Group will continue to closely monitor the political and legal developments and adjust its strategy accordingly
- On 1 January 2019, an amendment to the Swiss gambling laws came into effect which permits Swiss providers only to provide online sports betting and gambling services. It aims to stop foreign providers from entering the Swiss market. In accordance with this gambling law, the implementation regulations for blocking the IPs of non-licensed providers came into effect on 1 July 2019. On 3 September 2019, the authorities published a blacklist which also contained the Group’s domains. These domains were blocked a few days later. The Group decided to appeal against these discriminatory measures and to maintain its offer at least until the date of legally binding ruling

As far back as June 2016, the Swiss financial authorities requested for the Maltese company to register with the national VAT register. Following a comprehensive legal review and repeated correspondence with the authorities, bet-at-home.com Entertainment Ltd. was registered in September 2018. The Company paid VAT on casino sales with retrospective effect as at 1 January 2017. Due to a competitor being prosecuted by the authorities, bet-at-home.com Internet Ltd. decided to register for VAT in Germany with reservations and to transfer the financial data in October 2019. In the meantime, the Group managed to get the tax receivables against bet-at-home.com Internet Ltd. suspended. It is to be expected that the disputed legal matters have to be clarified by the Swiss courts, both with regard to the exact date on which the tax liability was incurred and a potential liability owed by bet-at-home.com Internet Ltd.

In spite of continuing regulatory efforts, betting and gaming providers continue to be targeted by legislative interventions aiming to terminate the offering and advertising of their activities, based in particular on regulations enforcing bans in the gambling sector. The companies of the bet-at-home.com AG Group were affected by the following legal proceedings in the first half of 2020:

- At the beginning of 2015, the Federal State of Berlin already issued an injunction against bet-at-home.com Entertainment Ltd. to refrain from advertising and offering casino products, which has now been approved by the Higher Administrative Court in Berlin-Brandenburg during summary proceedings. The affected companies appealed against this decision and the related penalties. A court ruling in the last instance upheld the injunction in September 2019. After referring with the authorities, the Company had to discontinue its casino products in Berlin as of 1 January 2020.
- In mid-2017, the Federal State of Hesse issued an injunction against bet-at-home.com Entertainment Ltd. prohibiting the company from offering casino products. This injunction demands the discontinuation of the gaming products, with the exception of sports bets on real events, and threatens the issuance of penalties for any violations. Action was taken against this injunction before the Darmstadt Administrative Court. The Regional Authority had previously agreed to suspend the immediate execution of the notice until the main ruling has been made by the Administrative Court.
- In October 2017, the Federal Administrative Court in Leipzig decided that the ban on operating or brokering casino and poker games online complies with the Germany constitution and EU law, even after the partial deregulation of the 'online' sales channel. This decision was made during proceedings against another competitor. Overall, the case law regarding the standardisation of German gambling law remains inconsistent. Final clarification by the Federal Constitutional Court and/or the European Court of Justice is still pending.
- In June 2018, the Dutch gaming regulators issued fines in the amount of EUR 410,000.00 against two Maltese Group companies. The companies are accused of having illegitimately addressed Dutch citizens, particularly through the use of the Dutch language and/or corresponding bonus offer. Comprehensive legal measures have already been implemented against these penalties.

In the past financial year, the Group once more continued to strengthen its activities for fair and legally secure regulations at a national level in the respective countries within the associations of which it is a member. The Company is already a member of Deutscher Sportwettenverband (DSWV), Deutscher Online Casinoverband (DOCV) and the Österreichische Vereinigung für Wetten und Glückspiel (OVWG). Now it has also joined the Czech Internet Gaming Association.

The risks of negative effects resulting from the regulatory environment and existing legal uncertainties remain medium in a year-on-year comparison. Should such risk occur, the impact on the financial position, financial performance and cash flows would be high.

Risks relating to increasing deregulation

At the political level, the European Parliament already adopted a legislative initiative in support of a proposal by the EU Commission in 2011 targeted at harmonising national sports betting and gambling laws. The first step will be to largely harmonise gambler and data protection regulations as well as control mechanisms. Due to diverging interests among member states and national tax authorities, substantial further harmonisation of relevant national sports betting and gambling regulations is not anticipated in the foreseeable future. However, the member countries primarily aim to regulate the online sports betting and gaming sector and to establish a licensing system at national level, even if this does not always comply with the provisions of EU law.

The risk of negative developments within the scope of the increasing deregulation of the online sector remains medium when compared with the previous year. Should such risk occur, the impact on the financial position, financial performance and cash flows would be high.

Based on the rulings of the European Court of Justice, the Management Board assumes that the deregulation of the online sports betting and gaming market will progress in numerous EU member countries. However, a number of draft laws contain discriminatory regulations for foreign providers with a view to keeping the market sealed off to the benefit of national providers. The Management Board will closely monitor future developments in Europe and strive to obtain online sport betting and gaming licences in countries facilitating fair market access, in an effort to enhance legal certainty.

Increase of the taxes on betting fees and gambling levies / introduction of new taxes

The countries in which bet-at-home.com AG Group operates raise higher taxes on sports betting and gaming products based on varying measurement bases as well as VAT on electronic services. It cannot be ruled out that the taxes and levies in individual countries will increase to levels that would render the business of bet-at-home.com AG Group wholly or largely unprofitable, either due to the tax rate or selection of measurement base.

From today's perspective, the risk of tax increases or introduction of new taxes and levies remains medium compared with the previous year. Should such risk occur, the impact on the financial position, financial performance and cash flows would be high.

Recognition of Group transfer prices

In recent years, the regulatory environment for the taxation of multinational companies in general, as well as for bet-at-home.com AG Group in particular, has become considerably more complex, particularly with regard to transfer prices, with companies having to drastically increase their efforts to meet the tougher regulatory requirements. The discussion between the countries regarding the distribution of the global tax substrate is still in full swing at present and will result

in other fundamental adjustments to the international taxation of multinational companies – not least due to the BEPS project of the OECD for combating base erosion and profit shifting.

At the same time, however, the certainty that the applied transfer price rates will be accepted by the tax authorities involved has decreased significantly, particularly as intra-company cross-border transactions are being increasingly investigated by the German tax authorities. The result of these developments are potential tax and interest back payments as well as potential double taxation.

Customer compensation claims and/or reimbursement of gaming losses

bet-at-home always implements a multitude of measures to support its customers in their responsible use of gaming. As a result, the Company has been cooperating for many years with organisations such as the Institut für Glücksspiel und Abhängigkeit, which actively implements measures for the prevention of addiction in Germany and Austria. Voluntary customer protection measures that by far exceed legal requirements complete the endeavours of bet-at-home.com AG Group to provide customers with comprehensive protection. These measures are verified through voluntary annual compliance audits by eCogra, the industry association. Potential customer claims can nevertheless not be ruled out.

As of 30 June 2020, the Group had pending court cases with a total disputed value of around EUR 3.7 million. These are former customers claiming gaming losses back through the courts. The Group expects to have good chances of success before court.

The risk of customer compensation claims and/or claims for the reimbursement of gaming losses remains medium compared to the previous year. Should such risk occur, the impact on the financial position, financial performance and cash flows would be medium.

Risk of the loss and/or recall of licenses (compliance risk)

bet-at-home.com AG Group bases its products on Maltese licenses which entitle the bearer to non-discriminatory access to the markets in the EU member countries as well as licenses issued by individual member countries. If a member country were to revoke its national license, bet-at-home.com AG Group would possibly be able to continue providing its services under the Maltese license. However, if the Maltese license were to be revoked, the Group would either have to use an alternative license or lose access to markets in which it does not hold a license.

The respective Maltese licenses are issued by the Malta Gaming Authority (MGA) subject to a compulsory ongoing system audit during which the MGA audits the technical equipment of the licensee, particularly in terms of its functionality and IT security.

The Malta Gaming Authority can issue covenants or revoke a license if deficiencies are found during the audit if

- the licensee does not comply with the terms and conditions of the license
- customer requirements are not met
- the licensee becomes insolvent
- the license was obtained under false pretences
- the licensee violates anti-money laundering regulations
- the licensee fails to pay taxes or levies on time
- at the sole discretion of the licensing authority, there are sufficient reasons for revoking the license or the authority assumes that the licensee is damaging the reputation of the Maltese betting business.

The bet-at-home.com AG Group companies have always met the terms and conditions of the license and successfully concluded all system audits, which is why the risk of a revocation of licenses remains low. Should such risk occur, the impact on the financial position, financial performance and cash flows would be high.

VI.2.2 Risks from operating activities

[Odds management and bookmaker risk](#)

Inaccurately estimated odds or manual errors made by bookmakers may result in higher customer payouts and therefore a decrease in income. This risk is minimised by a multitude of backup systems and by continuous monitoring of betting odds through market comparison. The IT project team continues to develop all the software required to provide a competitive product in the betting market. All required measures, such as automated algorithms for the prevention of manually estimated inaccurate odds for the minimisation of risks, were implemented so that the respective risks and impact on the financial position, financial performance and cash flows would be low.

As bet-at-home.com AG Group does not broker sports bets, but acts as a counterparty of its customers, the Group incurs a contractual risk for every bet. This risk is reduced by the highest possible number of customers participating in a bet with different expectations regarding the outcome so that the customers' betting positions balance each other out as much as possible.

bet-at-home.com AG Group also determines betting odds, based on customers' expectations regarding the outcome of bets, and continuously adjusts them until the bet has been closed. To be able to provide customers with products in line with the market, the odds of competitors, and therefore the entire market, are also taken into consideration in addition to the betting odds that can be offered on the basis of the positioning of the Group's own customers.

Technical risks

The products and services offered by the Group depend on the reliable functioning of numerous technical systems. Any serious disruption of the IT systems, particularly through adverse external influences such as hacker attacks, DDos attacks, etc., could negatively affect the Group's financial position, financial performance and cash flows. Another steep rise in business volume will place increasing demands on the accounting and controlling systems of group companies.

To minimise the IT risks, personnel structures in the form of an IT Security Officer (CISO) and related IT Security Engineers were created in 2013. These employees implement individual security measures to ensure IT security during ongoing operations, investigate potential security-related incidents, are responsible for establishing the information security policy by providing awareness training, and focus their activities on measures such as the ones stated below within bet-at-home.com AG Group:

- Preparing guidelines and processes within the scope of the information security management system (ISMS)
- Security monitoring (identifying weaknesses and potential threats to hardware and software)
- Risk management and awareness employee training
- Encryption of confidential data (particularly credit card data and passwords)
- Security of the connections to the user interface of the customers via HTTPS encryption
- Productive environment protection in the form of a web application firewall, IDS/IPS and fire-wall systems
- Operating a centrally managed anti-virus software
- Vulnerability management and monthly vulnerability scans
- Annual penetration tests within the scope of system audits
- Monitoring log files using a SIEM (Security Information Event Management)
- Security compliance regarding PCI-DSS, eCogra and established jurisdictions
- Highly redundant infrastructure / ISO 27001 certified data centre provider

The Management Board assumes that these are extensive measures for minimising IT risks, meaning that these risks are medium. Should such risk occur, the impact on the financial position, financial performance and cash flows would be high.

Risks from pandemics and environmental disasters

It cannot be ruled out that events such as pandemics or environmental catastrophes will occur which could lead to significant or persistent disruptions in the ongoing business of the bet-at-home.com AG Group. The Management Board has taken measures to maintain the operational business in a decentralized manner by means of teleworking and home office structures.

The risks in this context as well as the effects on the asset, financial and earnings position are classified as medium.

Personnel and employee risk

The economic success of bet-at-home.com AG Group will continue to primarily rely on the performance of all employees and executives. The growing competition in the gaming and betting products market brings with it an increased risk of qualified employees being enticed away by competing companies and of not being able to hire a sufficient number of suitable new employees. The personnel and employee risk is to be successively reduced by implementing attractive general conditions and sufficient prospects for committed employees as well as ongoing employee training.

The respective risks and effects on the financial position, financial performance and cash flows are low.

Deficient performance of external service providers

bet-at-home.com AG Group depends on cooperations with external service providers with corresponding specialist knowledge and technologies for its operations. This primarily pertains to all software products for the Casino, Live-Casino, Poker, Vegas Games and Virtual Sports segments, such as data and voice communication, procurement, installation, development, care and maintenance of hardware and software as well as payment processes. There is a possibility that one or several external service providers provide their services not at all, not on time or incorrectly.

bet-at-home.com AG Group may therefore find itself in a position of being unable to fulfil its own obligations as required or on time due to errors or failures to perform of the external service providers engaged. This may also go hand in hand with a limitation of the Group's products, right up to the incorrect invoicing of winnings, which may have a negative impact on the Group's cash flows.

The Management Board assumes that regular system audits, internal reviews and training as well as ongoing monitoring by the Product Management and Controlling department are sufficient to minimise these external risks. These risks are therefore regarded as constant compared with the previous year. Should such risk occur, the impact on the financial position, financial performance and cash flows would be medium.

Risks relating to sponsoring agreements

Sports sponsoring has always been crucial for the advertising strategy of bet-at-home.com AG Group. Sponsoring of national sports clubs increases the popularity of the bet-at-home brand. In

addition, primarily persons with an interest in sports, who are the key target group for the products of bet-at-home.com AG Group, are made aware of the brand in this environment. Advertising materials can therefore be used particularly efficiently in the sports sponsoring sector, at least on the current cost level. The sponsoring of renowned sports clubs also results in their reputation and credibility having a positive effect on how the bet-at-home brand is perceived, also because sports events are highly regarded within society. Reputation and credibility are key success factors for bet-at-home.com AG Group.

Should bet-at-home.com AG Group be forced to reduce or discontinue its sponsoring activities in the future due to price increases in the sponsoring business or a revaluation of online betting and gaming products by the sponsoring partners or changes to the general legal conditions, this would reduce the popularity of the bet-at-home brand and could therefore have a negative impact on the revenue and income situation of bet-at-home.com AG Group. This risk remains low, like in the previous year. Should such risk occur, the impact on the financial position, financial performance and cash flows would be low.

VI.2.3 Financial risks

Cash and cash equivalents and liquidity risk

Liquidity exposure reflects the risk that the Group will have insufficient resources to meet its financial obligations as they fall due. Based on the cash and cash equivalents currently available to the Group, the liquidity risk remains low, like in the previous year. Should such risk occur, the impact on the financial position, financial performance and cash flows would be low.

Interest rate, currency and exchange rate risks

The interest rate risk associated with investments is considered insignificant. The interest rates on the bank balances depend on the market interest rates, which depend on the maturities. The effect of a change in the current low interest rate by 0.5 percentage points would amount to EUR 304 thousand (31/12/2019: EUR 274 thousand).

Currency risk relates to exchange rate differences. Despite the Group's international orientation, most cash flows are denominated in the group's functional currency (the euro). In the first half of 2020, material currency risks arose from transactions denominated in Polish zloty, while transactions denominated in other currencies were of minor importance. The Group does not hedge its currency risk. A 10% appreciation (depreciation) in the Polish zloty would have decreased (increased) the profit for the period (and the balance of equity) by around EUR 536 thousand (31/12/2019: EUR 139 thousand). Changes in these risk variables were assessed in relation to the potential for risks inherent in each financial instrument portfolio as at the reporting date.

The Group's interest rate, currency and exchange rate risks remain low, like in the previous year. Should such risk occur, the impact on the financial position, financial performance and cash flows would be low.

Counterparty default (credit risk)

Credit risk is the risk of payment delays or defaults by counterparties. As there are no netting agreements, the amounts stated on the assets side (receivables and other assets) represent the maximum exposure to credit and default risk. Provisions have been made for anticipated reversals due to credit card refunds. Default risk relating to bank balances must be considered minor as the lending institutions concerned are Arated banks. Should such risk occur, the impact on the financial position, financial performance and cash flows would be low.

VI.3. RELATED PARTY TRANSACTIONS

In the first half 2020, the Management Board of bet-at-home.com AG, Düsseldorf, had the following members:

- Mr. Franz Ömer, Ansfelden, Austria,
- Mr. Michael Quatember, Master's degree, Linz, Austria.

In the first half of 2020, the fixed and variable remuneration of the members of the Management Board of the parent company totalled EUR 788 thousand (1 January – 30 June 2019: EUR 851 thousand). One of the group companies also granted a consulting fee of EUR 199 thousand (1 January – 30 June 2019: EUR 198 thousand) to a member of the Management Board. In addition, a provision of EUR 403 thousand was recognised for a potential management bonus.

Members of the Supervisory Board of bet-at-home.com AG, Düsseldorf, in the first half of 2020:

- Martin Arendts, MBL-HSG, lawyer, Grünwald (Chairman)
- Jean-Laurent Nabet, Director, Paris, France
- Isabelle Andres, Director, Paris, France

In the first half of 2020, the Chairman of the Supervisory Board received fixed remuneration of EUR 20 thousand (1 January to 30 June 2019: EUR 20 thousand). In the first half of 2020, Ms. Andres received fixed remuneration of EUR 10 thousand (1 January to 30 June 2019: EUR 10 thousand). Necessary expenses were also reimbursed. Mr. Nabet waived his entitlement to compensation in the first half of 2020, as in the previous reporting period.

No material transactions were concluded with related parties in the first half of 2020.

At the end of the general meeting of shareholders on 7 July 2020, Jean-Laurent Nabet and Isabelle Andres retired from the Supervisory Board of bet-at-home.com AG. The general meeting of shareholders appointed Veronique Giraudon and Nicolas Beraud as members of the Supervisory Board.

VI.4. EXPLANATION REGARDING THE MANAGEMENT OF BET-AT-HOME.COM AG IN ACCORDANCE WITH SECTION 289F HGB AND THE GROUP IN ACCORDANCE WITH SECTION 315D HGB AS WELL AS THE CORPORATE GOVERNANCE REPORT

The current corporate governance statement can be accessed on the website of bet-at-home.com AG at <https://www.bet-at-home.ag/de/corporategovernance> The corporate governance report is also published there.

VI.5. MATERIAL SUBSEQUENT EVENTS

In the period between 30 June 2020 and the preparation of the interim consolidated financial statements, no events occurred that could materially affect the Group's business development or financial position.

VI.6. RESPONSIBILITY STATEMENT

We assure that to the best of our knowledge, the interim consolidated financial statements for the period from 1 January to 30 June 2020 give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the applicable interim reporting standards, and that the group management report for the period then ended gives a true and fair view of the business development including the business performance and position of the Group and appropriately presents the significant opportunities and risks of the Group's anticipated development in the remaining part of the financial year.

Düsseldorf, 31 July 2020

Franz Ömer

Michael Quatember

APPENDIX TO THE NOTES

CHANGES IN NON-CURRENT ASSETS FOR THE GROUP AS AT 30 JUNE 2020
bet-at-home.com AG, Düsseldorf

	At cost			Accumulated depreciation				Carrying amount 31/12/2019		
	Balance at 01/01/2020	Additions	Disposals	Balance at 30/06/2020	Balance at 01/01/2020	Additions	Disposals		Balance at 30/06/2020	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR		EUR	
I. Intangible assets	3,579,690.11	147,552.36	0.00	3,727,242.47	2,633,082.16	97,421.35	0.00	2,730,503.51	996,738.96	946,607.95
II. Goodwill	1,369,320.30	0.00	0.00	1,369,320.30	0.00	0.00	0.00	0.00	1,369,320.30	1,369,320.30
III. Leased office buildings	4,240,220.81	0.00	0.00	4,240,220.81	870,537.06	435,268.55	0.00	1,305,805.61	2,934,415.20	3,369,683.75
IV. Property and equipment	7,504,913.52	627,674.88	790.00	8,131,798.40	5,018,640.32	393,430.49	790.00	5,411,280.81	2,720,517.59	2,486,273.20
1. Furniture and fixtures, office equipment	7,458,593.86	139,674.69	790.00	7,597,478.55	5,018,640.32	393,430.49	790.00	5,411,280.81	2,186,197.74	2,439,953.54
2. Construction in progress	46,319.66	488,000.19	0.00	534,319.85	0.00	0.00	0.00	0.00	534,319.85	46,319.66
	16,694,144.74	775,227.24	790.00	17,468,581.98	8,522,259.54	926,120.39	790.00	9,447,589.93	8,020,992.05	8,171,885.20

CHANGES IN NON-CURRENT ASSETS FOR THE GROUP AS AT 30 JUNE 2019
bet-at-home.com AG, Düsseldorf

	At cost				Accumulated depreciation				Carrying amount 31/12/2018		
	Balance at 01/01/2019	Additions	Disposals	Balance at 30/06/2019	Balance at 01/01/2019	Additions	Disposals	Balance at 30/06/2019		Carrying amount 30/06/2019	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR		EUR	
I.											
	Intangible assets	4,556,711.75	4,291,403.57	178,556.57	8,669,558.75	2,597,896.82	526,650.34	178,556.40	2,945,990.76	5,723,567.99	1,958,814.93
	1. Software, internet domains and similar rights and benefits and licenses derived therefrom	3,187,391.45	51,182.76	178,556.57	3,060,017.64	2,597,896.82	91,381.80	178,556.40	2,510,722.22	549,295.42	589,494.63
	2. Goodwill	1,369,320.30	0.00	0.00	1,369,320.30	0.00	0.00	0.00	0.00	1,369,320.30	1,369,320.30
	3. Leased office buildings	0.00	4,240,220.81	0.00	4,240,220.81	0.00	435,268.54	0.00	435,268.54	3,804,952.27	0.00
II.											
	Property and equipment	6,826,736.87	372,493.75	720,456.59	6,478,774.03	5,379,845.56	416,484.12	720,455.38	5,075,874.30	1,402,899.73	1,446,891.31
	1. Furniture and fixtures, office equipment	6,826,736.87	372,493.75	720,456.59	6,478,774.03	5,379,845.56	416,484.12	720,455.38	5,075,874.30	1,402,899.73	1,446,891.31
		11,383,448.62	4,663,897.32	899,013.16	15,148,332.78	7,977,742.38	943,134.46	899,011.78	8,021,865.06	7,126,467.72	3,405,706.24

GROUP MANAGEMENT REPORT TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Report by the
Management
Board

Report by the
Supervisory
Board

The Share

Consolidated
Statement of
Financial Position

Consolidated
Statement of
Income

Consolidated
Statement of
Cash Flows

Statement of
Changes in
Group Equity

Notes to the
Consolidated
Financial Statements

Group
Management
Report

Imprint

GROUP MANAGEMENT REPORT FOR THE PERIOD ENDED 30 JUNE 2020

bet-at-home.com AG, Düsseldorf

A. ECONOMIC STATUS OF THE GROUP

A.1 BUSINESS MODEL

bet-at-home.com AG group is an online sports betting and gaming company. With 5.3 million registered customers, the Group is one of the most successful providers in Europe.

The wide-ranging offerings on www.bet-at-home.com include sports betting, casino, poker, games, and virtual sports. The sport betting products alone comprised over 212,000 events in more than 80 types of sport in the first half of 2020. bet-at-home.com AG Group has companies in Germany, Austria, Malta and Gibraltar. The success of the group is partly attributable to our employees; as at 30 June 2020, the group employed 288 staff members.

In addition to some countries in Eastern Europe, particularly the German-speaking region and individual countries in Western Europe are key markets.

The Group holds various licences via its Maltese companies for online sports betting and gaming. These licences allow the Group to organise and market online sports betting and online casinos in its sales markets in Germany, Western Europe, Eastern Europe and in other countries.

bet-at-home.com AG Group structure in detail

The parent company, bet-at-home.com AG, Düsseldorf, was listed on the regulated market of the Frankfurt Stock Exchange in the Prime Standard section. All operating activities are carried out exclusively by indirect associates.

bet-at-home.com AG holds 100% of bet-at-home.com Entertainment GmbH. This company, which has its registered office in Linz, Austria, is mainly responsible for the continuous transfer of technology within the Group as well as for further developing its internally developed software and provides services for the operating companies in Malta. The company holds its international online sports betting licenses and online gaming licenses for casino, poker, games and virtual sports via bet-at-home.com Holding Ltd., Malta.

Since 2009, bet-at-home.com AG has been a member of the Betclix Everest Group SAS, Paris, a French group specialising in online gambling and online sports betting.

A.2 DEVELOPMENT ACTIVITIES

The most important assets of the Group include functioning, state-of-the-art software that has been continuously expanded and developed since the beginning. In the first half of 2020, software developments once again focused on seamless wallet solutions that enable customers to transfer funds between different payment modalities, on the one hand, and facilitate the future implementation of innovative product solutions, on the other. At the same time, sports betting and casino products for the mobile and desktop platform have been constantly enhanced and optimised. The main factor in this sector are the IT employees.

B. BUSINESS REPORT

B.1 OVERALL ECONOMIC AND INDUSTRY SITUATION

Based on the previous experience from key markets of the Group companies, it can be assumed that the online sports betting and gaming business development is largely independent from total economic developments in the respective market.

The Management Board assumes that the overall gaming market will develop positively in the long term, with the online segment gaining further in importance. Particularly the penetration of the target group with mobile devices, mobile gaming as innovative sales channel as well as demographic trends and increasing online affinity will become supporting factors. The above opportunities are opposed by the risk of individual countries blocking the products and/or individual product segments of private gaming providers. Individual countries are explicitly planning on implementing such measures, which violate European law.

B.2 BUSINESS TREND

(1) Highlights in the first half of 2020

bet-at-home.com AG Group strongly felt the effects of the COVID-19 pandemic as from mid-March 2020 due to the cancellation or postponement of national and international sport events. As of 16 March 2020, the majority of employees started working from home and it was ensured that all technical requirements are met and all operating processes, including technological development, could be continued without delay.

As from the time of the sport lockdown in mid-March 2020, demand for alternative betting products remained almost constant and customers of bet-at-home.com AG Group diverted to eSport and fringe sports. The usually poor sales during the summer months are being positively affected by the gradual resumption of games in the national European football leagues during the course of May and the postponement of major events such as Champions League or Europe League. In more good news, international tennis tournaments are likely to resume in the second half of 2020. The online gaming segment with its casino, live casino, virtual sports and poker products remained unaffected by the pandemic.

In the first half of 2020, gross betting and gaming revenue totalled EUR 62.3 million. This figure is down by 12.4 % year-on-year due to the drop in betting volume caused by COVID-19 and the legal restrictions in individual markets. These negative effects from regulatory developments were discernible already in the planning phase at the end of fiscal year 2019 and were accounted for correspondingly in the budget for the full year 2020.

In the first half of 2020, marketing investments amounted to EUR 13.6 million, considerably down year-on-year, which is primarily due to the postponement of the European football championship to 2021.

In the first half of 2020, the EBITDA was down year-on-year at EUR 15.8 million (H1 2019: EUR 21.3 million). The EBITDA in Q2 2020 was EUR 6.8 million (Q2 2019: EUR 8.6 million).

Due to the positive income contribution in the current reporting period, the Group's equity could be increased to a total of EUR 51.6 million as of 30 June 2020 (31/12/2019: EUR 41.6 million). The resulting Group equity ratio amounted to 50.6 % (31/12/2019: 43.7 %). As of 30 June 2020, cash and cash equivalents and short-term deposits within bet-at-home.com AG Group totalled EUR 60.7 million (31/12/2019: EUR 54.8 million).

(2) Human resources and social security

In the first half of 2020, the average number of staff members (excluding the Board) employed by the Group was 290 (1 January to 30 June 2019: 294). As of 30 June 2020, the group employed 288 staff members (30/06/2019: 290). Targeted personnel development combined with the recruitment of highly qualified professionals form the basis for the Group's continued successful development. Another key component to success is intensive further professional training.

B.3 GROUP SITUATION

The Group further strengthened its position, and in particular that of the bet-at-home brand, in the first half of 2020. This can be measured, in particular, by the number of registered customers increasing to 5.3 million (30/06/2019: 5.1 million) in the first half of 2020.

B.3.1 Earnings position

In the first half of 2020, the gross betting revenue (betting volume less customer winnings paid out) of EUR 22,309 thousand was down year-on-year due to legal restrictions in individual markets and the disruption of international sport events between mid-March and mid-May 2020 (1 January to 30 June 2019: EUR 28,754 thousand).

The gross gaming revenue (gaming volume less customer winnings paid out) of EUR 39,998 thousand was also down-year-on-year in the first half of 2020 (1 January to 30 June 2019: EUR 42,336 thousand). Online gaming comprises the products Casino, Poker, Games and Virtual Sports.

In the first half of 2020, the gross betting and gaming revenue amounted to EUR 62,307 thousand and was therefore down year-on-year (1 January to 30 June 2019: EUR 71,090 thousand). The gross betting and gaming revenue is a crucial financial performance indicator for the Group.

Taking into consideration betting taxes and gambling levies and the tax payable due to the VAT regulations for electronic service providers, net betting and gaming revenue in the first half of 2020 amounted to TEUR 49,060 (1 January to 30 June 2019: EUR 58,689 thousand).

In the first half of 2020, the Group's **financial performance** was as follows:

	01/01 – 30/06/2020	01/01 – 30/06/2019
	EUR'000	EUR'000
Gross betting and gaming revenue	62,307	71,090
Total operating income	49,833	59,382
EBT (earnings before taxes) *)	14,866	20,393
EBIT (earnings before interest and taxes) **)	14,916	20,379
EBITDA (earnings before interest, taxes, depreciation and amortisation) ***)	15,842	21,322

*) corresponds to profit before income tax as shown in consolidated income statement

***) EBT less finance income (costs) in the consolidated income statement

***) EBIT plus depreciation, amortisation and write-downs as shown in consolidated income statement

The betting fees, betting taxes and gambling levies payable in various countries decreased earnings by EUR 10,875 thousand in the first half of 2020 (1 January to 30 June 2019: EUR 10,215 thousand). In addition, VAT regulations for electronic service providers decreased earnings by EUR 2,372 thousand (1 January – 30 June 2019: EUR 2,187 thousand).

As planned, advertising expenses in the first half of 2020 decreased to EUR 13,598 thousand (1 January – 30 June 2019: EUR 16,682 thousand). In the first half of 2020, personnel expenses increased by EUR 167 thousand to EUR 9,805 thousand, with this increase being primarily due to increases in salaries.

B.3.2 Financial situation

As at 30 June 2020, the **financial situation** was as follows:

	30/06/2020	30/06/2019
	EUR'000	EUR'000
Earnings before taxes (EBT)	14,866	20,393
Cash flows from operating activities	7,160	25,284
+ Cash flows from investing activities	-775	-4,664
+ Cash flows from financing activities	-419	-45,617
= Net cash from operating, investing and financing activities	5,966	-24,996
+ Cash and cash equivalents at 1 January	49,756	68,774
= Cash and cash equivalents at 30 June 2020	55,722	43,777

The Group was able to meet its financial commitments at all times.

B.3.3 Net assets

As at 30 June 2020, **net assets** were as follows:

Assets	30/06/2020	31/12/2019
	EUR'000	EUR'000
Non-current assets	8,021	8,172
Current assets		
Receivables from taxes	24,462	23,685
Own advance payments	1,909	1,886
Other receivables and assets	6,903	6,680
Short-term fixed deposits	5,000	5,000
Cash and cash equivalents	55,722	49,756
	102,017	95,179

Equity and liabilities	30/06/2020	31/12/2019
	EUR'000	EUR'000
Group equity	51,583	41,635
Non-current liabilities (payables and provisions)	2,221	2,633
Current liabilities (payables and provisions)	48,213	50,912
	102,017	95,179

As at 30 June 2020, the Group's equity ratio was 50.6 % (31/12/2019: 43.7 %).

Non-current liabilities contain lease liabilities in the amount of EUR 2,155 thousand (31/12/2019: EUR 2,566 thousand) and provisions for employee benefits in the amount of EUR 66 thousand (31/12/2019: EUR 66 thousand).

Current liabilities contain trade payables in the amount of EUR 3,529 thousand (31/12/2019: EUR 4,168 thousand), tax liabilities in the amount of EUR 32,398 thousand (31/12/2019: EUR 32,059 thousand), current provisions in the amount of EUR 1,353 thousand (31/12/2019: EUR 1,608 thousand), liabilities to customers (contractual liabilities in accordance with IFRS 15) in the amount of EUR 6,585 thousand (31/12/2019: EUR 7,354 thousand), lease liabilities in accordance with IFRS 16 in the amount of EUR 837 thousand (31/12/2019: EUR 845 thousand) and other liabilities in the amount of EUR 3,510 thousand (31/12/2019: EUR 4,877 thousand).

Financing measures were not required in the first half of 2020.

B.3.4 Overall evaluation of the Group's situation

In the first half of 2020, the Group's economic position was very positive overall despite the challenges of the COVID-19 pandemic as well as the expected consequences of the legal restrictions in individual markets.

C. EVENTS AFTER THE REPORTING DATE

There were no material subsequent events after the end of the first half of 2020.

D. OPPORTUNITY AND RISK REPORT

D.1 OUTLOOK

Based on the assumptions and premises presented in Section B.1 above, the Management Board expects the following development in the full 2020 financial year:

Against the background of the ongoing COVID-19 pandemic, the full effects of the further development of the situation, in particular a possible further wave of infections, with correspondingly negative effects on the revenue and earnings situation in the further course of the year, cannot be conclusively estimated.

From today's perspective, the Management Board continues to expect gross betting and gaming revenue between EUR 120 million and EUR 132 million in 2020, with the year-on-year decrease in gross betting and gaming revenue being primarily due to legal restrictions in individual markets. A potential decrease in revenue from regulatory changes in Germany can still not be estimated and is therefore still not being taken into consideration.

The Management Board continues to expect an EBITDA between EUR 23 million and EUR 27 million in 2020.

The maximum number of employees in the Group should increase to around 305 persons by 31 December 2020.

D.2 OPPORTUNITY REPORT

Within the past 10 years, the European online gaming market recorded the highest growth in the world and is expected to continue growing by 7 % per annum until 2024. This is confirmed by various studies by H2 Gambling Capital, also in the first half of 2020. According to recent studies, this trend will continue in the wake of broad-based acceptance of e-commerce and the global penetration of mobile applications and demographic trends and help the gambling sector – which does not depend on the state of the economy – on its way to further sustained growth in the years to come.

D.3 RISKS

The Notes to the Interim Consolidated Financial Statements for the period ended 30 June 2020 contain detailed disclosures on the development of tax and regulatory risks, the risks from operating activities and financial risks (Section 'VI.2. Risk report') to which explicit reference is made.

D.3.1 Risk management system

The group parent's Management Board is responsible for establishing risk management policies. Compliance with these policies is monitored by the managing directors and department heads of the subsidiaries. Among the basic components of risk management are general principles for risk prevention, such as the segregation of duties and applying the four eyes principle for important internal controls. Various partially automated procedures using software systems are also applied.

Risk management measures include continuously performing credit ratings and auditing the risk control system through credit card checks, payment verifications and analyses of gaming behaviour. In addition, we have further intensified our controlling activities in the marketing, partner programme, payment systems and intercompany clearing subsegments. Reputable external legal advisers are engaged to reduce legal risks and take into account the complex regulatory environment.

The Management Board is also responsible for identifying negative developments in good time by employing cross-departmental monitoring systems. For example, IT risks are monitored and reported through the voluntary appointment of external certification bodies (such as eCogra), operational risks through automated plausibility checks during the preparation of offers and financial risks through the ongoing analysis of key financial performance indicators.

D.3.2 Group accounting-related internal control and risk management system

The internal control and risk management system of the bet-at-home.com AG Group comprises all principles, processes and measures aimed to ensure the effectiveness, profitability and orderliness of the accounting system and compliance with the relevant legal requirements. There were no significant changes in the period from January 1 to June 30, 2020.

The Management Board of bet-at-home.com AG is responsible for the internal control and risk management system required for protecting against risks and designs and monitors the scope and focus of the systems in place on the basis of specific requirements within the Group. Monitoring measures integrated and not integrated in the processes are the components of the internal monitoring system.

The measures of the internal control system focus on the orderliness and reliability of the Group's accounting system and ensure that business transactions are reported completely, on time and in compliance with the legal and statutory requirements. The Group's consolidation and accounting policies also ensure that assets and liabilities are stated, measured and reported accurately in the consolidated financial statements. The policies also ensure that the accounting documents provide reliable and traceable information.

E. RISK MANAGEMENT IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS

Freely available cash and cash equivalents were invested in fixed-income securities. The Group believes that the risk relating to the use of these financial instruments is very minor.

F. EXPLANATION REGARDING THE MANAGEMENT OF BET-AT-HOME.COM AG IN ACCORDANCE WITH SECTION 289F HGB AND THE GROUP IN ACCORDANCE WITH SECTION 315D HGB AS WELL AS THE CORPORATE GOVERNANCE REPORT

The current corporate governance statement can be accessed on the website of bet-at-home.com AG at <https://www.bet-at-home.ag/de/corporategovernance>. The corporate governance report is also published there.

Düsseldorf, 31 July 2020

Franz Ömer

Michael Quatember

Report by the Management Board	Report by the Supervisory Board	The Share	Consolidated Statement of Financial Position	Consolidated Statement of Income	Consolidated Statement of Cash Flows	Statement of Changes in Group Equity	Notes to the Consolidated Financial Statements	Group Management Report	Imprint
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DISCLAIMER

The Interim Financial Report is a translation of the valid German version.

Imprint

Group Management Report

Notes to the Consolidated Financial Statements

Statement of Changes in Group Equity

Consolidated Statement of Cash Flows

Consolidated Statement of Income

Consolidated Statement of Financial Position

The Share

Report by the Supervisory Board

Report by the Management Board

LIFE IS A GAME!

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