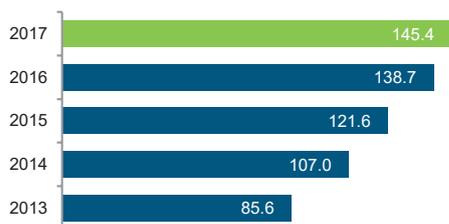
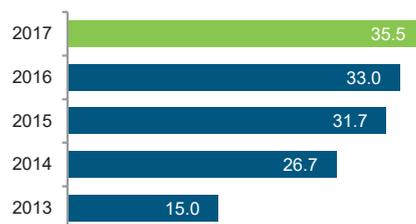




**ANNUAL REPORT  
2017**

**bet-at-home**  
.com

**Gross betting and gaming revenue (in mEUR)**

**EBITDA (in mEUR)**

**Group and financial key figures**

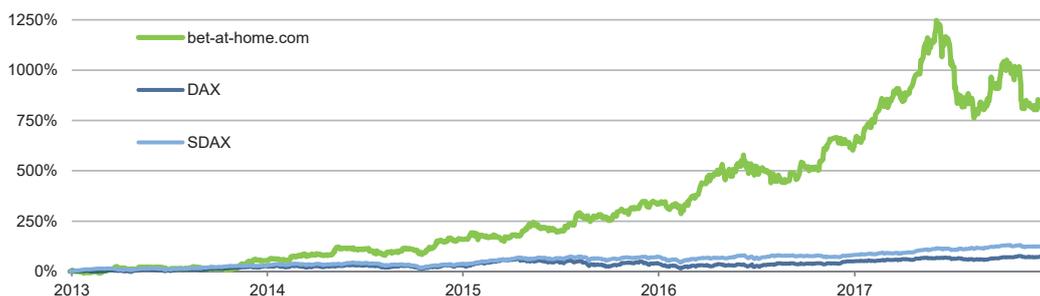
		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>Betting and gaming volume</b>	<b>EUR'000</b>	<b>1,834,803</b>	<b>2,136,404</b>	<b>2,410,791</b>	<b>2,926,165</b>	<b>3,174,629</b>
Betting volume	EUR'000	475,224	577,572	614,743	640,392	605,522
Gaming volume	EUR'000	1,359,579	1,558,832	1,796,047	2,285,773	2,569,107
<b>Gross betting and gaming revenue</b>	<b>EUR'000</b>	<b>85,619</b>	<b>107,026</b>	<b>121,608</b>	<b>138,674</b>	<b>145,398</b>
thereof sports betting	EUR'000	41,987	55,676	61,186	66,152	64,554
thereof eGaming	EUR'000	43,632	51,351	60,421	72,522	80,844
<b>Net betting and gaming revenue</b>	<b>EUR'000</b>	<b>74,663</b>	<b>94,744</b>	<b>100,312</b>	<b>112,888</b>	<b>117,763</b>
thereof sports betting	EUR'000	36,770	49,199	49,851	54,008	52,645
thereof eGaming	EUR'000	37,893	45,545	50,461	58,879	65,118
<b>EBITDA</b>	<b>EUR'000</b>	<b>14,982</b>	<b>26,731</b>	<b>31,690</b>	<b>33,044</b>	<b>35,474</b>
<b>EBIT</b>	<b>EUR'000</b>	<b>14,306</b>	<b>25,802</b>	<b>30,764</b>	<b>31,884</b>	<b>34,133</b>
<b>Consolidated profit for the period</b>	<b>EUR'000</b>	<b>14,505</b>	<b>25,643</b>	<b>30,672</b>	<b>31,004</b>	<b>32,847</b>

Balance sheet total as at 31.12.	EUR'000	69,171	94,474	126,775	145,375	124,648
Group equity ratio as at 31.12.	%	64.46	71.40	74.15	75.37	71.65
Financial debts and liabilities as at 31.12.	EUR'000	0	0	0	0	0
Liabilities to customers as at 31.12.	EUR'000	10,317	9,742	9,355	9,508	7,476
Number of employees as at 31.12.		240	264	264	296	311
Number of employees (average)		245	256	266	289	302
Registered customers as at 31.12.	mEUR	3.58	3.98	4.27	4.60	4.83

**Stock market indicators**

		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Closing price as at 31.12.	EUR	16.93	28.84	48.30	79.99	104.05
Market capitalisation as at 31.12.	EUR'000	118,815	202,399	338,969	561,370	730,223
Dividend per share	EUR	0.40	0.60	2.25	7.50	7.50*
Dividend	EUR'000	2,807	4,211	15,791	52,635	52,635*
Dividend yield	%	2.36	2.08	4.66	9.38	7.21*
Average daily trading volume	EUR	35,481	122,119	234,714	869,662	2,830,374
Average daily trading volume	pcs	2,056	4,968	6,006	13,216	25,290
Earnings per share	EUR	2.07	3.65	4.37	4.42	4.68

\* according to the proposed resolution submitted to the Annual General Meeting of Shareholders

**Stock chart**


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FC Schalke 04

# COMPANY PROFILE

<a href="#">Company Profile</a>	<a href="#">Report by the Management Board</a>	<a href="#">Report by the Supervisory Board</a>	<a href="#">Corporate Governance Report</a>	<a href="#">bet-at-home.com Share</a>	<a href="#">Consolidated Statement of Financial Position</a>	<a href="#">Consolidated Statement of Income</a>	<a href="#">Consolidated Statement of Cash Flows</a>	<a href="#">Statement of Changes in Group Equity</a>	<a href="#">Notes to the Consolidated Financial Statements</a>	<a href="#">Management Report</a>	<a href="#">Independent Auditor's Report</a>
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The bet-at-home.com AG Group is active in the domain of online sports betting and gaming. With more than 4.8 million registered customers, the listed company and its subsidiaries make up one of the most successful online gaming providers in Europe. The wide-ranging offerings on www.bet-at-home.com include Sports Betting, Casino, Poker, Vegas Games, and Virtual Sports. In 2017, sports bets were placed on more than 379,000 events in over 75 types of sport alone. bet-at-home.com has companies in Germany, Austria, Malta and Gibraltar. The successful development of the company can be attributed to its 311 employees as at 31 December 2017.

The company holds licences via its Maltese companies for a variety of online sports betting and gaming. The licences allow the company to organise and market online sports betting and online casinos.

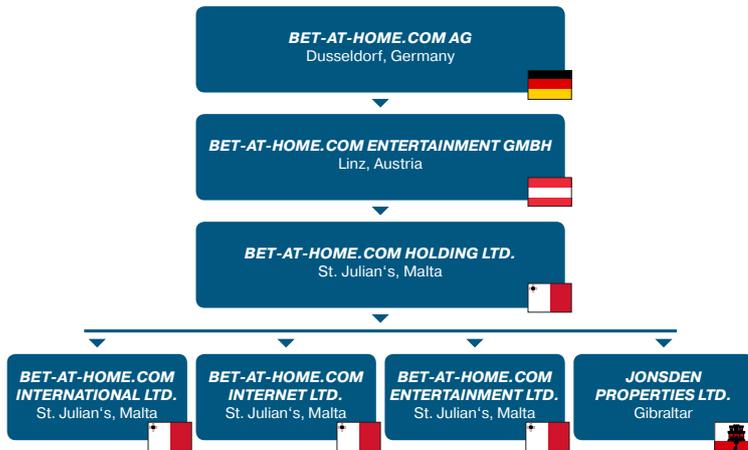
bet-at-home.com was founded in 1999 in Wels, Austria, by Jochen Dickinger and Franz Ömer and was originally focused on online sports betting only. Thanks to an extensive growth strategy over the past years, bet-at-home.com AG and its subsidiaries recorded gross betting and gaming income of EUR 145.4 million with a gaming volume of EUR 3,174.6 million in 2017.

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

As at 31 December 2017, bet-at-home.com AG traded on the regulated market of Frankfurt Stock Exchange in the Prime Standard segment and on the renowned Small Cap Index (SDAX) of Deutsche Börse. The core business of the Company's associates is sports betting and casino and poker games, which is exclusively offered online.

The company holds 100% of bet-at-home.com Entertainment GmbH. The company based in Linz, Austria, is mainly responsible for the constant transfer of technology within the Group as well as for further developing its own software. The business in Malta is part of bet-at-home.com Holding Ltd.

Founded in 1999 as a German limited liability company, its capital was increased in 2004 and the company was transformed into a company limited by shares. In December of the same year the company was floated in the stock market. Further capital increases were made in the following years. Since 2009, Betclix Everest Group SAS, a leading French group specialising in online gambling and online sports betting, has been the majority shareholder of bet-at-home.com AG. The following chart illustrates the corporate structure in detail:



## Responsible gaming

The Company is aware of its social responsibility and creates sustainable conditions for using its entertainment-services responsibly. It also intervenes if customers are at risk of developing a gambling addiction so as to protect them from the negative effects as best as possible. In order to meet the high standards and assume the related responsibility, bet-at-home.com undergoes regular and voluntary product tests, which exceed legal requirements, and has been cooperating with organisations such as the Institut Glücksspiel und Abhängigkeit (Gambling and Dependency Institute), which operates in Austria and Germany, for many years. In addition, the continuously developed anti-fraud department investigates the gaming behaviour of customers, in order to prevent gambling addiction. Voluntary membership in associations such as the European Sports Security Association (ESSA) and European Gaming and Betting Association (EGBA), which were established to promote fair competition for providers offering online gambling, combined with annual voluntary compliance audits by the auditing association for the gambling sector – eCogra – round off our measures in this area.

The company is also a member of the Deutscher Sportwettenverband (DSWW), Deutscher Online Casinoverband (DOCV) and Oesterreichische Vereinigung für Wetten und Glücksspiel (OWVG). The latter campaigns for the implementation of transparent general conditions, such as regulations which conform with EU law, standardised tax rates and legal security for online sports betting and gaming providers.

**Management Board**

- Franz Ömer, CEO
- Michael Quatember, CEO

**Supervisory Board**

- Martin Arendts, President of the Supervisory Board
- Isabelle Andres, Member of the Supervisory Board
- Jean-Laurent Nabet, Member of the Supervisory Board

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Hertha BSC

# REPORT BY THE MANAGEMENT BOARD

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**Ladies and Gentlemen, dear Shareholders,**

In 2017, bet-at-home.com AG Group again proved its ability to perform, once more clearly outperforming the pleasing growth momentum in previous reporting periods with an increase in gross betting and gaming revenue of 4.8% and the highest EBITDA in the company's history in the amount of EUR 35.5 million. Numerous targeted marketing campaigns also consistently increased the popularity of the Group. Besides a vast marketing campaign, which was rolled out in Q1 2017 the sponsoring activities in the German Bundesliga as well as other campaigns in the European core markets further increased the brand awareness.

The strong economic development has also been clearly reflected in the price of the bet-at-home.com AG share, which increased by another 30.1% during the financial year 2017. According to this, the price of the bet-at-home.com share was EUR 104.05 EUR as of 31 December 2017. On 2 June 2017, the share closed at its historical high of EUR 149.50 with a market capitalisation of more than EUR 1 billion. On 3 February 2017, and therefore around half a year after admission to the regulated market of the Prime Standard segment of Frankfurt Stock Exchange, Deutsche Börse admitted the share to the reputable SDAX Index.

In 2017, the gross betting and gaming revenue amounted to EUR 145.4 million, thus 4.8% up on the previous year's figure and once again reaching a record in the history of bet-at-home.com. Due to this strong business development and because of a scheduled decrease in investments in the brand's popularity, as a result of the absence of major sports events in 2017, the EBITDA in 2017 also increased by 7.4% to a record of EUR 35.5 million, thus around EUR 2.4 million up on the comparative figure in the previous year. Given the fact that bet-at-home.com has been subject to blocking measures in Poland since July 2017, the earnings development should be valued even higher. These measures are considered as a violation of European legislation and extensive legal action was already initiated in this respect.

Moreover, the bet-at-home.com AG group was able to further strengthen its position as one of the top players in the European eGaming market. bet-at-home.com has undoubtedly developed into a strong brand that is very well known across Europe. Our committed employees, who endeavoured daily to drive innovation and continuously develop and optimise the product portfolio, once again contributed significantly to this excellent development.

**European-wide success: more than 4.8 million clients trust in bet-at-home.com**

The constantly growing gaming volume and ever rising customer numbers are key indicators that the bet-at-home.com AG Group is going to continue on its current path to success in the future. More than 4.8 million registered customers trust in the bet-at-home.com brand by now and the company was able to generate betting and gaming income of EUR 3,174.6 million as a result in the financial year 2017.

**Ongoing innovation combined with reliable customer service**

The continuous further development of the comprehensive product portfolio coupled with trustworthy and reliable customer service in 11 languages provides our customers with exciting entertainment of the highest standard and makes it possible to continuously strengthen our international competitive position and sustainably develop our market shares. Innovations on our mobile platform and the optimisation of the smartphone and tablet product portfolio are the main focus. As a result, more than 48% of the gross betting and gaming revenue was already generated through mobile devices in Q4 2017.

In the sports betting segment alone, bet-at-home.com offered bets on more than 379,000 events in over 75 types of sport in the reporting period. Live bets continue to be the main growth driver in the sports betting business. In financial year 2017, our customers have already used the opportunity to visit the virtual stadium for more than 89,000 live events up to now.

The eGaming offers have also been very well received in 2017. The segment's success continued similar to that of the sports betting segment due to numerous bonus campaigns in the casino, live casino, vegas games, poker and virtual sports businesses.

**Further increase of the brand's popularity thanks to targeted marketing campaigns**

As no major football event with a large audience took place in the current reporting period 2017, the marketing focus for financial year 2017 was already set in the first quarter of 2017 to coincide with the second leg of the Football Bundesliga. It comprises all marketing channels, including a major TV campaign in Germany and Austria.

Besides traditional advertising on TV, online and in print media, sport sponsoring remains a cornerstone of bet-at-home.com's market strategy, involving interaction with viewers while at the same time promoting clubs, where it is always our objective to create long-term partnerships. As the main sponsor of the traditional Berlin football club Hertha BSC, bet-at-home.com has been active in the prestigious German Football Bundesliga since August 2015 and for the first time acted as a football shirt sponsor. This successful partnership further increased the popularity of the bet-at-home.com brand and at the same time supported the further development of the traditional football club Hertha BSC. In August 2011, bet-at-home.com became the premium partner of FC Schalke 04. The football club was founded in 1904, has more than 150,000 members and is one of Germany's largest sports clubs. FC Schalke 04 first gained international fame in 1997 as the winner of the UEFA Cup, the forerunner of today's Europa League. In December 2017, the premium partnership between bet-at-home.com and FC Schalke 04 was renewed once again until 2021.

In addition, bet-at-home.com is represented as a sponsor in the Austrian Bundesliga and at the WTA tennis tournament in Linz, Austria, as well as a long-standing partner of numerous other sports associations.

### **Expansive growth in the online sports betting and eGaming segments**

The global online sports betting and gaming market is continuing to boom and is growing significantly faster than comparable offers in the offline sector. The continuing growth of the non-cyclical gaming sector, particularly in Europe, confirms the strategic alignment of bet-at-home.com. Demographic trends, increasing popularity of online activities within the target group in our core markets and the global penetration of smartphones and tablets favour long-term growth in the online segment.

bet-at-home.com is confident that the successful development will continue with further investments in the strong market presence in our European core markets and continuous optimization of our product portfolio.

We would like to thank all those who have made 2017 such a success for bet-at-home.com, especially our staff. They have once more contributed significantly to a very positive business development and, through their strong commitment, will ensure a sustainable and successful future for the bet-at-home.com AG Group. We would also like to sincerely thank our business partners and shareholders for the trust they have shown in us. We hope to share our success with you as our partner in the future.

Franz Ömer  
CEO

Michael Quatember  
CEO

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WTA tennis tournament in Linz

# REPORT BY THE SUPERVISORY BOARD

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**Ladies and Gentlemen,**

In 2017, the bet-at-home.com AG Group's business development was again successful. On 17 May 2017, the Annual General Meeting was once again able to approve the payment of dividends. The success and name recognition of the brand is reflected by its more than 4.8 million registered customers.

The Supervisory Board was involved in this welcome development at the bet-at-home.com AG Group. It carried out its responsibilities and duties in accordance with the law and the Sections 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 8 March 2017 in Düsseldorf, Germany, on 17 May 2017 in Frankfurt, Germany, on 10 July 2017 in Linz, Austria, on 19 October 2017 in Frankfurt, Germany, and on 7 December 2017 in Paris, France. At these meetings, the members primarily discussed the company strategy with the Management Board. At the Supervisory Board meeting on 14 March 2018 in Düsseldorf, the members discussed the financial statements, consolidated financial statements, summarised management report, corporate governance report, related parties report and the audit procedures and audit reports 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 year under review, the Management Board provided us with regular updates on the Group's strategy, business development, cash flows and significant business matters, such as licence applications and loans, and risks. Discussions were held with the Management Board about the strategic development, the current figures, the marketing concept, tax issues, regulatory developments in the gaming and betting sector (such as the tendering process for the sports betting licence in Germany) and ongoing administrative and legal proceedings. Based on the information we have obtained, we believe that business was conducted appropriately.

The Management Board and Supervisory Board have prepared a corporate governance report in accordance with the German Corporate Governance Code to increase transparency and account for the company's increased recognition in the capital market and the current market capitalisation. Please refer to the disclosures in the Annual Report 2017 of the bet-at-home.com AG Group.

**Audit of the separate and consolidated financial statements for the 2017 financial year**

As in previous years, PKF FASSELLT SCHLAGE Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte, Duisburg, was appointed as auditor of the financial statements of bet-at-home.com AG and of the consolidated financial statements and summarised management report at the Annual General Meeting. The audits were discussed with the auditor. On completion of the audits, the auditor stated that the audits had not led to any reservations and issued an unqualified audit opinion on the separate and consolidated financial statements, including the accounting records and summarised management report.

The audited separate and consolidated financial statements as well as the summarised management report and also the Management Board's proposal for the appropriation of profits pursuant to Section 170 of the German Companies Act (AktG) were available to the Supervisory Board together with the audit reports.

The Supervisory Board reviewed the separate and consolidated financial statements as well as the summarised management report and discussed them in detail with the auditor on 14 March 2018. The auditor reported in detail on the audit findings.

The auditor also reported on the findings regarding the internal control and risk management system in relation to the accounting process.

All of the Supervisory Board's questions were answered in detail by the Management Board and the auditor.

Following discussion of the financial statements, consolidated financial statements and the summarised management report, the Supervisory Board approved the auditor's reports and audit findings, did not have any reservations upon completion of its own review and approved the separate and consolidated financial statements. The financial statements of bet-at-home.com AG are thus adopted.

The Supervisory Board concurs with the proposal by the Management Board that EUR 52,635,000.00 of the retained earnings of EUR 55,795,465.19 for 2017 to be distributed to the shareholders and the remaining amount of EUR 3,160,465.19 be carried forward to the following financial year.

**Audit of the report on related party transactions pursuant to Section 312 AktG for the 2017 financial year**

The auditor also audited the Management Board's report on related party transactions pursuant to Section 312 AktG (related parties report) for the 2017 financial year. The Management Board prepared the related parties report with a view to the controlling interest held by Betclic Everest Group SAS, Paris, France in bet-at-home.com AG, which specifies legal transactions and measures undertaken within the meaning of Section 312 (1) AktG.

As a result of the audit of the related parties report and the financial statements for the year ended 31 December 2017 and based on the associated audit findings the auditor was satisfied that the related parties report contains the information required under section 312 (1) AktG and that the report fairly presents in all material respects the company's accounts.

As the auditor did not raise any objections to the related parties report for the 2017 financial year following the final results of the audit, the auditor issued an independent auditor's report pursuant to section 313 (3) AktG as follows:

"Based on our statutory audit and assessment, we confirm that

1. the disclosures in the report are accurate; and
2. the company's compensation with respect to the legal transactions disclosed in the report was not inappropriately high."

The related parties report and associated auditor's report were submitted in time to all members of the Supervisory Board. The Supervisory Board reviewed these documents and discussed them with the auditor at the meeting on 14 March 2018. The auditor reported on the audit findings. The Supervisory Board's questions were answered by the Management Board and auditor.

The Supervisory Board approved the auditor's findings on the related parties report. Following the final results of its own review, the Supervisory Board did not raise any objections to the concluding statement by the Management Board in the related parties report. The concluding statement by the Management Board in the related parties report is presented under the statement of financial position in the financial statements and in the notes to the consolidated financial statements.

We especially wish to 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, March 2018

Supervisory Board

Company Profile	Report by the Management Board	<b>Report by the Supervisory Board</b>	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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Hertha BSC

# CORPORATE GOVERNANCE REPORT

Company Profile	Report by the Management Board	Report by the Supervisory Board	<b>Corporate Governance Report</b>	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2017 INCLUDING THE CORPORATE GOVERNANCE DECLARATION OF BET-AT-HOME.COM AG PURSUANT TO SECTION 289F OF THE GERMAN COMMERCIAL CODE [HGB] AND FOR THE GROUP PURSUANT TO SECTION 315D HGB**

**bet-at-home.com AG, Düsseldorf**

**Dear Shareholders,**

Corporate Governance provides a framework of rules and set of mechanisms by which companies are managed and supervised. The bet-at-home.com AG (hereinafter also referred to as “company”) is limited by shares under the laws of Germany. Since summer of 2016, the company’s shares are traded in the Prime Standard, which is a segment of the Regulated Market, on the Frankfurt Stock Exchange. Since then the company is considered as a publicly traded company within the legal sense and pursuant to Section 289f HGB and therefore obligated to make a Corporate Governance Declaration. The German Corporate Governance Kodex (hereinafter referred to as the “Code”) recommends that the Management Board and Supervisory Board should report about corporate governance every year (“Corporate Governance Report”) and publish this report together with a Corporate Governance Declaration. According to § 315d HGB, a corporate declaration on corporate governance must be submitted. This declaration must be included in the Summarised Management Report under a separate section. It can be made publicly accessible on the company’s website as well. In this case a reference to the website should be included in the Summarised Management Report.

**a) Declaration of Conformity and Corporate Governance Code**

Pursuant to Section 161 of the German Companies Act [AktG], the Management Board and Supervisory Board make a yearly statement to the effect that the recommendations of the “government commission of the German Corporate Governance Code”, which are published by the Federal Ministry of Justice in the official section of the Federal Gazette, have been and will be complied with or which recommendations have not or will not be implemented and why not (so-called “comply or explain” principle). This is known as the “Declaration of Conformity”. A company is listed within the meaning of Section 3 (2) AktG if its shares are admitted to a market regulated and overseen by officially recognised authorities, which regularly takes place and which is directly or indirectly available to the public. This is the case for the bet-at-home.com AG as a result of the listing in the Regulated Market of the Frankfurt Stock Exchange.

**b) Corporate Governance Report/Corporate Governance Statement**

The Code provides for the following content of the Corporate Governance Report:

- according to Section 3.10 of the Code, the report regarding Corporate Governance
- according to Section 5.4.1 of the Code, the objectives of the Supervisory Board regarding its composition (“diversity”) and the status of their implementation,
- according to Section 7.1.3 of the Code, information on share option programmes and similar share-based incentive systems within the company unless this information is already provided in the financial statements, consolidated financial statements or compensation report.

The corporate governance statement is to include (i) the Declaration of Conformity, (ii) relevant information on corporate governance practices, and (iii) a description of the working procedure of the Management Board and Supervisory Board as well as the composition and working procedure of their committee as well as (iv) the determination in accordance with Sections 76 (4) and 111 (5) AktG (target percentages of women) and disclosure if the targets set for the reporting period have been met and provide reasons if this has not been the case. Furthermore, a description of the concept of diversity (v) that is pursued with regard to the composition of the representative body and the Supervisory Board with respect to aspects such as age, gender, educational or professional background, as well as the objectives of this concept of diversity, the nature of his implementation and the results achieved in the financial year.

**I. DECLARATION OF CONFORMITY IN ACCORDANCE WITH SECTION 161 AKTG**

In March 2017, the Management Board and Supervisory Board issued the following Declaration of Conformity:

The Management Board and Supervisory Board of bet-at-home.com AG herewith declare, that bet-at-home.com AG has been implementing the recommendations of the German Corporate Governance Code pursuant to the declaration of conformity of March 2016 along with the mid-year amendment of May 2016 in the version dated 5 May 2015 until the date of the issuance of this Declaration of Conformity with the exceptions disclosed in March 2016.

Furthermore, the Management Board and Supervisory Board of bet-at-home.com AG declare, that bet-at-home.com AG will implement the recommendations of the German Corporate Governance Code in the version dated 5 May 2015 with the following exceptions (the sections below are those of the Code in the version dated 5 May 2015):

**Deductible for the D&O policy for the Supervisory Board (Section 3.8)**

The company has a D&O policy without any deductible for the members of the Supervisory Board. In the view of the company, such a deductible is not necessary to ensure the motivation and sense of responsibility of the members of the Supervisory Board. A deductible could even run counter to the company's efforts to obtain people of excellence from within Germany and abroad for its Supervisory Board. The Supervisory Board was also expressly excluded (Section 116 AktG) from the new statutory measures on the deductible for members of the Supervisory Board in the Act on the Appropriateness of Management Board Compensation [VorstAG] (§ 116 AktG).

**The Management Board must have a chairman (Section 4.2.1)**

No chairman of the Management Board has been appointed. The Management Board and Supervisory Board are of the opinion that the two members of the Management Board have worked together efficiently and like good colleagues hitherto. No need has therefore been seen to appoint a chairman thus far, especially since the Management Board presently consists of two people, for which the appointment of a chairman is not mandatory for organisational reasons either.

**Maximum limit for the remuneration of the Management Board (Section 4.2.3)**

The remuneration for members of the Management Board should be limited in total and with respect to variable remuneration components. The agreement between the company and its Management Board members provide such limitations. Without identifying any deviation from Section 4.2.3 of the Code in the opinion of the Management Board and Supervisory Board, it is pointed out that the main shareholder of the bet-at-home.com AG, Mangas BAH SAS, promised the members of the Management Board in 2016 for the first time a variable remuneration that is solely paid by it. Therefore, neither the bet-at-home.com AG nor any its subsidiaries is burdened financially. The generation and the amount of this variable remuneration depend on the outperformance of a certain level of bet-at-home.com AG's share price (basic amount) in the years 2016, 2017 and 2018. Further information can be views in the remuneration report, which is part of the summarised management report for the financial year 2016.

**Committees (Section 5.3)**

Under the Articles of Association, the company's Supervisory Board consists of three members. Given this size, it would appear neither necessary nor expedient to set up committees, as the imaginable tasks of committees could be performed just as effectively and competently by the entire Supervisory Board.

**Composition of the Supervisory Board (Section 5.4.1)**

The Supervisory Board must set specific objectives for its composition. In accordance with the Code in the version of 5 May 2015, these objectives will now also include a regulated limit for the time spent serving by each member on the Supervisory Board. However, the determination of a regulated limit for the time spent serving by each member on the Supervisory Board appears to be not useful from today's perspective. A time limit specifying the maximum time spent by each member serving on the Supervisory Board cannot be properly determined in abstract terms. The Supervisory Board is of the opinion that it would make more sense to assess in each individual case if the time already spent by each member serving on the Supervisory Board could prevent the member from performing their future duties in a factual, proper and unbiased manner.

**Components and disclosure of Supervisory Board compensation (Section 5.4.6)**

Compensation of the members of the Supervisory Board includes the position of chairman but not that of deputy chairman. Nor does there appear to be a need to differentiate between a deputy chairman and ordinary member, as the participation of all members is required for resolutions in the Supervisory Board of three people, so that cases where the chairman is represented by the deputy rarely occur in practice.

**II. DISCLOSURES REQUIRED BY SECTION 289F (2) NOS. 2 TO 4 HGB**

The company is a company limited by shares under the laws of Germany. It is therefore governed in particular by German company law and capital market regulations as well as the provisions of the Articles of Association and the rules of procedure for the Management Board and Supervisory Board.

A two-tier management and supervision structure arises from the Management Board and Supervisory Board. Both executive bodies are committed to the interests of the shareholders and the good of the company. The AGM is the company's third executive body. It serves the decision-making process of the shareholders.

**1. Management Board**

The Management Board represents the company to the outside world. It conducts its business in accordance with the law, the Articles of Association and the rules of procedure for the Management Board and ensures suitable risk management. The Management Board develops the company's strategy, coordinates it with the Supervisory Board and ensures its implementation. The Management Board has the task of creating long-term value on its own responsibility.

The company's Management Board consists currently of two members. The members of the Management Board bear common responsibility for the entire management. Notwithstanding the collective responsibility of the Management Board members, each individual member runs all its areas and domains in line with Management Board's resolutions on its own responsibility. The Supervisory Board has issued rules of procedure for the Management Board. Under the rules of procedure for the Management Board, actions and business by the Management Board of fundamental importance require the approval of the Supervisory Board.

The Management Board makes regular, timely and comprehensive reports to the Supervisory Board about all material aspects of the business development, significant transactions and the current earnings situation including the risk situation and risk management. Deviations in the business development from plans and targets are explained to and discussed with the Supervisory Board. Furthermore, the Management Board regularly reports on compliance, i.e. the actions taken to comply with laws and company regulations, which fall under the Management Board's responsibility.

## **2. Supervisory Board**

The Supervisory Board advises the Management Board in the management of the company. It supervises its activities. The Supervisory Board appoints and dismisses the members of the Management Board, determines the compensation system for the members of the Management Board and agrees their respective compensation.

The Supervisory Board is involved in all decisions of fundamental importance to the company. The Supervisory Board can make certain transactions contingent on its approval. The main tasks of the Supervisory Board also include making nominations for election to the Supervisory Board and for the appointment of the auditor. In this respect, the Management Board has no right of nomination.

The principles of cooperation in the Supervisory Board are laid down in the Supervisory Board's rules of procedure.

## **3. Annual General Meeting**

The shareholders safeguard their rights at the AGM. There they exercise their voting rights. The AGM is held annually within the first eight months of a financial year. The agenda for the AGM, including the reports and documents required for the AGM, is also posted on the company's website. To facilitate them in personally safeguarding their rights, the company places a proxy at the instruction of the shareholders. In calling the AGM, i.e. in notices to the shareholders, an explanation is given of how to submit proxy voting instructions prior to the AGM.

The AGM passes resolutions on granting discharge to the Management Board and Supervisory Board. It decides on the appropriation of the retained earnings and on the election of the auditor. The AGM is also responsible for decisions on corporate actions and approval of inter-company agreements and alterations to the Articles of Association.

#### 4. Disclosures on corporate governance practices

At the core of the management culture of the company and its subsidiaries are values enshrined in laws or company regulations and instructions. Of particular importance in this respect are concepts which further the interests in making a profit. By the same token, serious and comprehensive customer protection, in particular protection for youth and prevention, are of vital importance.

This is the basis of the common understanding between the management and staff to combine lasting growth with financial success and, at the same time, to take effective measures to prevent the negative impact of the services provided.

To achieve this objective, all staff must be aware of these demands and be willing and able to take responsibility for them. Taking one's own responsibility and initiative presumes an understanding of the company's strategy. This is why the management regularly informs the staff about the company's objectives, current business development, market and its competition. Efficient management and cooperation therefore hinge on clearly defined company structures, areas of responsibility and workflows. In conjunction with defined yet ever improving processes, this structure makes it possible to align management activities to the company's objectives and to check on a regular basis whether those objectives have been achieved.

Particular importance is attached in this respect to the motivation and appreciation of the company's staff since high commitment, productivity and efficiency can only be achieved in a positively experienced work environment where people closely identify with the company and its objectives.

It is for this reason that the company promotes a balance between the expected high-quality and concentrated work performed in a dynamic market, on the one hand, and the needs and requirements of private life, on the other (work-life balance).

#### 5. Compliance

The Management Board is responsible for compliance with the law and company regulations and works towards that throughout the Group company. In conducting its business, the bet-at-home AG Group must orient itself towards legal systems in different countries. This is especially true because of the different legislative conditions for betting and gambling, which are anchored in the free movement of goods and services enshrined in European law.

There where state licensing is possible in a European legal framework, our aim is to obtain licences and fulfil the respective requirements for the long term. In addition, we pay – mark you, also in countries seeking to maintain state betting and gambling monopolies and which restrict private providers – all applicable levies and taxes on betting and gambling.

We expect our staff to conduct themselves ethically and in accordance with the law in their daily business. For precisely as a provider of betting and gambling, maximum integrity is indispensable in our highly regulated markets in order to justify the trust instilled in us by the authorities and, above all, by our customers.

In training sessions conducted with the assistance of the respective compliance officers, our staff are familiarised with the relevant codes of conduct as well as the laws and regulations. Our employees have the opportunity and are requested – on request also protected – to give indications of possible legal violations in the companies of the bet-at-home.com AG Group.

## **6. Accounting**

The consolidated financial statements of bet-at-home.com AG are prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), by taking account of the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The separate financial statement for the AG is prepared in accordance with the provisions of the German Commercial Code.

Financial reports and interim financial reports (e.g. half-year reports) are published within the statutory deadlines and in accordance with the regulations for the Prime Standard segment of the Frankfurt Stock Exchange.

## **7. Transparency**

Our shareholders are informed, in particular, in the annual report and by the publication of important information as well as current press releases on significant events within the company and the Group.

Dealing with substantial information refers in particular to Regulation (EU) No 596/2014 (Market Abuse Regulation) for the publication of insider information, lists of insiders and transactions of executives (Directors' Dealings). Internally, compliance with the Market Abuse Regulation forms an integral part of our compliance structure.

## 8. Equal participation of men and women

The Act for the equal participation of women and men in leadership positions in the private sector and the public sector applies since 1 May 2015. Section 111 (5) AktG states that the Supervisory Boards of companies that are listed or subject to co-determination must specify the target percentages of women on the Supervisory Board and Management Board. In Section 76 (4) AktG, the Management Boards of companies that are listed or subject to co-determination must specify the target percentages of women on both executive levels below the Management Board. At the same time, deadlines to attain these objectives shall be defined. These periods of time should not exceed five years.

### Female representation on the Management Board

The target percentage of women on the Management Board was defined as 0.00%. The deadline for the achievement of this objective is 31.12.2018. The company's Management Board consists currently of two members, having no woman on the Management Board. All contracts with members of the Management Boards remain effective at least until 31.12.2018. Achieving a defined target of more than 0.00% until 31.12.2018 would require the withdrawal or resignation of a current member of the Management Board ahead of schedule and the appointment of a woman as substitute. Alternatively, an expansion of the Management Board in connection with the newly appointment of a woman would be possible. There are no plans for either scenario. A target percentage of 0.00% is exceptionally allowed if the Board of Directors consists merely of men, which contracts run longer than deadline for the achievement of the target. The Supervisory Board of the bet-at-home.com AG made use of this recognised exception. At the moment the target is achieved.

### Female representation on the Supervisory Board

The target percentage of women on the Supervisory Board was defined as one-third. The deadline for the achievement of this objective is 30.06.2022. At the moment the target is achieved.

### Female representation on both executive levels below the Management Board

At the moment, the company has no management levels within the meaning of Section 76 (4) AktG. If the evaluation of the status quo shows that there are no (two) management levels below the Management Board, Section 76 (4) AktG shall be restricted according to current legal assessment. Thereupon, targets will be defined only for existing management levels. In case of missing management levels below the Management Board (e.g. holding companies as the bet-at-home.com AG) there are no obligations in this regard according to current legal assessment. Due to the absence of two management levels below the Management Board no target percentage for women pursuant to 76 (4) AktG was defined. A deadline for the achievement of this target was not defined as well. As soon as a management level below the Management Board is implemented, a target percentage for women pursuant to 76 (4) AktG will be defined. Notwithstanding the above, an evaluation of the situation will take place on 30.06.2022 at the latest.

### III. DIVERSITY

#### 1. Supervisory Board

##### i) Objectives in the composition of the Supervisory Board

The company's Supervisory Board consists of three members elected by the shareholders. The Supervisory Board should name concrete objectives for its composition and develop a competence profile for the entire Supervisory Board. In terms of its composition, it should include the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of section 5.4.2 of the Code, an age limit to be set for Supervisory Board members, and a regular limit on the length of service on the Supervisory Board and diversity. Diversity includes aspects such as age, gender, educational or professional background.

According to Section 5.4.2 of the Code, the Supervisory Board must include what it considers an adequate number of independent members. Within the meaning of this recommendation, a Supervisory Board member is particularly not considered independent if he or she has personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. The Supervisory Board may have no more than two former members of the Management Board among its members. Supervisory Board members must not hold directorships or provide advisory services to the company's major competitors.

The Supervisory Board is in agreement with the content of the Code, whereby besides its balanced professional qualification, the Supervisory Board will also have an appropriate degree of internationality and female representation at all times.

The composition of the Supervisory Board must therefore take account of the fact that bet-at home.com AG is an innovative and international company and that it relies on modern means of communication over the internet for the provision of its services.

Yet diversity does not mean that a person is nominated as a candidate for the Supervisory Board solely because he or she possesses a certain personal quality; hence, no mandatory quota requirements are imposed.

For companies within the meaning of Section 264d of the German Commercial Code, at least one independent member of the Supervisory Board must, in accordance with Section 100 (5) AktG, have expertise in accounting or auditing.

On 12 March 2015, the Supervisory Board set the following objectives regarding its composition:

- To take into account the international activity of the company and its subsidiaries
- To take into account professional/technical expertise and industry knowledge, especially in relation to online betting and gambling
- Expertise in accounting or auditing
- At least one independent member within the meaning of the current recommendations of the Code
- Prevention of conflicts of interest
- Availability and commitment
- Maximum of three supervisory board positions in non-group companies
- To take into account the age limits defined in the rules of procedure of the Supervisory Board
- A one-third ratio of women

The panel's competence profile includes general knowledge of the industry and markets, understanding of the business model and basic knowledge of the (legal) framework conditions, basic compliance, finance and accounting skills, and of course the ability to understand reports and board submissions and to draw their own conclusions, including the ability to assess the validity, cost-effectiveness, appropriateness and legality of the business decisions to be assessed or to check them for plausibility. In addition, the members of the Supervisory Board must individually meet certain minimum personal requirements that are essential for the efficient work of the Supervisory Board, such as time availability, integrity, confidentiality, ability to discuss, interaction and teamwork.

ii) **Status of implementation of these objectives in the view of the Supervisory Board**

All relevant professional competences are represented in the Supervisory Board at present. This holds particularly true for the industry-related requirements as well as in respect of accounting and auditing. Comprehensive experience in the international business community is also present, just as are members from different countries.

Members at present:

- Mr. Martin Arendts, M.B.L-HSG, lawyer, chairman of the Supervisory Board, is the founder and owner of law firm ARENDTS ANWÄLTE. Specialised in investment law as well as gambling and betting law, he has a high level of expertise in not only issues of company law, capital market law and corporate governance but also in the main legal issues for bet-at home.com Group in relation to gambling and betting. Mr. Arendts also has expertise in accounting and auditing due to his professional activities. Mr. Arendts has been a member of our Supervisory Board since 13.08.2007.
- Ms. Isabelle Andres is CEO of Karina Square., Paris, France. Ms. Andres is a former CEO of Betclic Everest Group S.A.S. As the parent company of bet-at-home.com AG, Betclic Everest Group S.A.S. pools various gambling and betting activities. Ms. Andres therefore has excellent, relevant market expertise and accounting knowledge. Ms. Andres has been a member of our Supervisory Board since 04.05.2012.
- Mr. Jean-Laurent Nabet was the head of M&A at Vivendi Universal before working as an investment banker for Deutsche Bank in Paris. As investment manager (Head of Investment) for LOV Group Invest S.A.S., Paris, France, Mr. Nabet has excellent, relevant market expertise and knowledge of the entertainment industry as well as investment and internet business. Mr. Nabet has been a member of our Supervisory Board since 31.08.2009.

All members of the Supervisory Board have sufficient time to perform their tasks. None of the members of the Supervisory Board has exceeded the limit of supervisory board positions held outside the Group.

Independence within the Supervisory Board has been preserved. In the estimation of the Management Board and Supervisory Board, the members of the Supervisory Board have no personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which could cause a substantial and not merely temporary conflict of interests. Mr. Nabet does occupy a position at a firm which (indirectly) holds the majority of the shares in the company. Yet in the estimation of the Management Board and Supervisory Board, this has not created a substantial and not merely temporary conflict of interests as there are no ongoing operational relations between the mentioned firm and the company. If and when any particular business relations arise, any existing conflicts of interest will be addressed through tried and tested procedures, e.g. abstention from voting. In addition, the relations between dominant organisations and the company are governed by the reporting and auditing duties set out in Sections 312 et sqq. AktG. These audits, especially by the external auditor, have shown that appropriate compensation has been received so far for these business relations.

No former members of the Management Board belong to the Supervisory Board. Nor do the incumbent members of the Supervisory Board hold board positions at or provide advisory services to the company's major competitors.

The Supervisory Board will also take the objectives defined for its composition into account to the greatest extent possible in its search for suitable candidates for any premature vacancies on the board and in its nominations for routine elections.

## 1. Management Board

### i) Objectives in the composition of the Management Board

The composition of the Board of Management also requires the Supervisory Board in accordance with section 5.1.2 of the Corporate Governance Code on diversity. According to section 76 AktG, the board has to run the company under their own responsibility. The aim of the composition of the Management Board must therefore be, while maintaining the efficiency of the staffing, to entrust personalities with the leadership of the company, which meet the necessary professional and personal requirements in the context of collegial cooperation. It should also be borne in mind in this case that bet-at-home.com AG as a holding company has the task of managing its subsidiaries, but does not itself operate operations. At the level of the Management Board, of course, the best business and industry knowledge, including the regulatory framework in the target markets, is indispensable. Since the bet-at-home.com AG Group operates exclusively as an online provider, knowledge in this area is also of paramount importance. As explained above, in the context of the concept of diversity, the Management Board should not be complemented with women until 31.12.2018.

### ii) Status of implementation

The present composition of the Management Board currently reflects the professional and personal requirements that the Supervisory Board is convinced:

Mr. Franz Ömer, one of two members of the Management Board, worked in international consulting for Business Process Reengineering after studying Software Engineering at Softwarepark Hagenberg, Austria. He is the founder of various technology and gaming companies, including bet-at-home.com AG. He has been a member of the bet-at-home.com Group's management team since its foundation and has a wealth of experience in online sports betting and online gaming in particular.

Mr. Michael Quatember worked for KPMG Austria in auditing and consulting for eleven years after completing his studies in business administration. From February 2009 to October 2012, he was Head of Finance and Accounting within the bet-at-home.com AG Group. On November 1, 2012, he was appointed to the Management Board. He has also gained his now nine years of comprehensive industry experience and brings about his previous activities further valuable skills in the work of the Board.

**IV. SHAREHOLDINGS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD**

At 31.12.2017, members of the Management Board and Supervisory Board directly or indirectly held the following shares:

**1. Management Board**

Franz Ömer: 1.00% of the share capital.

**2. Supervisory Board**

Members of the Supervisory Board do not hold any shares in the company.

**V. DISCLOSURES ON SHARE OPTION PROGRAMMES AND SIMILAR SHARE-BASED INCENTIVE SYSTEMS**

There are no share option programmes or similar share-based incentive systems at this time. However, it is pointed out that the main shareholder of the bet-at-home.com AG, Betclie Everest Group SAS, promised the members of the Management Board in 2016 for the first time a variable remuneration that is solely paid by it. Therefore, neither the bet-at-home.com AG nor any its subsidiaries is burdened financially. The generation and the amount of this variable remuneration depend on the outperformance of a certain level of bet-at-home.com AG's share price (basic amount) in the years 2016, 2017 and 2018. Further information can be views in the remuneration report, which is part of the summarised management report for the financial year 2017.

Company Profile	Report by the Management Board	Report by the Supervisory Board	<b>Corporate Governance Report</b>	bet-at-home.com 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	Management Report	Independent Auditor's Report
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# BET-AT-HOME.COM SHARE

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	<b>bet-at-home.com Share</b>	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	Management Report	Independent Auditor's Report
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By further boosting the popularity of the bet-at-home.com brand in financial year 2017, continuously increasing profitability as well as increasing sales and implementing ongoing cost control for the operating activities, the share price rose further in the past reporting period. On 30 May 2017, the market capitalisation of the bet-at-home.com share exceeded EUR 1 billion for the first time in the Company's history. On 2 June 2017, the bet-at-home.com share reached its all-time high with closing price of EUR 149.50 and market capitalisation of EUR 1,049.2 million. As at 31 December 2017, the bet-at-home.com AG share registered at EUR 104.05, corresponding to an annual performance of 30.08%.

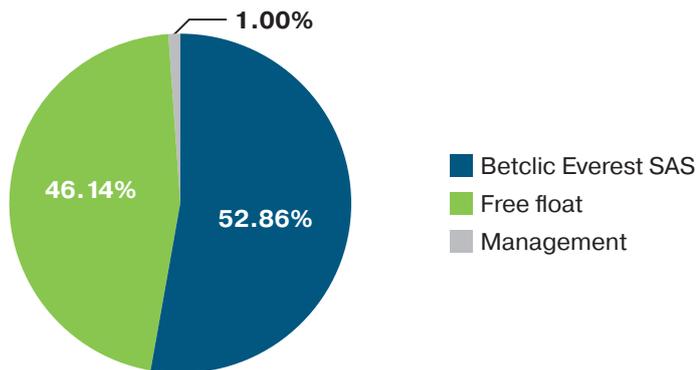
Due to the Company's strong growth and related increase in market capitalisation, it successfully requested and completed the change to the regulated market of the Prime Standard segment during the course of financial year 2016. Deutsche Börse later on decided to accept the shares of bet-at-home.com AG on to the SDAX as at 3 February 2017. The shares were accepted under the fast entry rule. In addition to the tough transparency requirements of the Prime Standard, the bet-at-home.com share therefore also meets the size criteria regarding free float, market capitalisation and trading volume required for acceptance on to the renowned Small Cap Index. The selection indices of Deutsche Börse, DAX, MDAX, SDAX and TecDAX, together comprise 160 shares, with 50 shares being listed on the SDAX.

bet-at-home.com AG pursues 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 talks were once again held during roadshows, investor and analyst conferences in the financial centres of Europe and the USA in financial year 2017. These talks enable the Company to further intensify and maintain personal contacts with investors and stakeholders. At these events, the Management Board and Investor Relations Management mainly presented the quarterly financial statements, the Company's strategic targets and market environment in our dynamic industry.

#### **Stable shareholder structure**

With Betcltic Everest Group SAS and its 52.86% stake, the company has a stable core shareholder with its sights set on the long term. Betcltic Everest, France, is a European group with shares in online gaming providers based in France that invests in strong brands like bet-at-home.com, Betcltic, 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 Betcltic Everest Group SAS.

The management of bet-at-home.com holds 1.00% of the shares, which resulted in a total free float of 46.14% as at 31 December 2017. Even though it has a strong core shareholder, bet-at-home.com AG regards itself as a public company, and its investor relations have always exceeded the transparency and information requirements of Deutsche Börse and the Prime Standard market segment in the past.



### Price trend

In financial year 2017, the bet-at-home.com share price increased by 30.08%, once again outperforming the German share indices, DAX (+ 12.51%) and SDAX (+ 24.87%), as in the previous year.



### Trading volume

In financial year 2017, the average daily trading volume of the bet-at-home.com share amounted to EUR 2.8 million, thus once again significantly up year-on-year. The highest daily volume was recorded EUR 20.6 million on 6 November 2017.

### Performance

<b>12 months</b>	+ 30.08%
<b>24 months</b>	+ 115.42%
<b>52W high</b>	149.50 EUR on 02/06/2017
<b>52W low</b>	82.27 EUR on 12/01/2017

### Dividend

To enable our shareholders to take part in the company's success by way of profit distributions in addition to their gains on the share price itself, the policy of bet-at-home.com AG since financial year 2011 has been to pay out a dividend.

At the general meeting of shareholders on 22 May 2018, the Management Board and Supervisory Board will propose a dividend of EUR 7.50 (previous year: EUR 7.50) per share. The distributed dividend therefore amounts to EUR 52,635,000.00 (previous year: EUR 52,635,000). The dividend proposed to the general meeting of shareholders will be comprised of an ordinary dividend of EUR 3.00 (previous year: EUR 2.50) plus an extraordinary dividend of EUR 4.50 (previous year: EUR 5.00). The repeated distribution of an extraordinary dividend aims to ensure that the shareholders of bet-at-home.com AG participate appropriately in the above-average total development in recent years.

<b>Dividend per share (dividend yield in %)</b>	
<b>FY 2016</b>	EUR 7.50 (9.38%)
<b>FY 2015</b>	EUR 2.25 (4.66%)
<b>FY 2014</b>	EUR 0.60 (2.08%)
<b>FY 2013</b>	EUR 0.40 (2.36%)
<b>FY 2012</b>	EUR 0.30 (2.70%)
<b>FY 2011</b>	EUR 0.30 (2.44%)

## Financial Calendar 2018

<b>02/05/2018</b>	10.00 am	Quarterly Statement Q1 2018
<b>22/05/2018</b>	02.30 pm	Annual General Meeting 2018
<b>30/07/2018</b>	10.00 am	Interim Report January to June 2018
<b>10/09/2018</b>	10.00 am	Interim Financial Report 2018
<b>05/11/2018</b>	10.00 am	Quarterly Statement Q1-Q3 2018
<b>04/03/2019</b>	10.00 am	Full Year Results 2018

## Key share data

<b>ISIN</b>	DE000A0DNAY5
<b>Securities identification number</b>	A0DNAY
<b>Ticker symbol</b>	ACX
<b>Trading segment</b>	Regulated market (Prime Standard)
<b>Index</b>	SDAX
<b>Research coverage</b>	Hauck & Aufhäuser, ODDO BHF AG, Warburg Research

## Fundamentals as at 31 December 2017

<b>Total number of shares</b>	7,018,000
<b>Market capitalisation</b>	EUR 730.2 million
<b>Cash and cash equivalents</b>	EUR 101.8 million
<b>Enterprise value</b>	EUR 628.4 million



Hertha BSC

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017**

bet-at-home.com AG, Düsseldorf

**ASSETS**

		Note	31/12/2017		31/12/2016
		No.	EUR	EUR	EUR
<b>A.</b>	<b>Non-current assets</b>				
1.	Intangible assets	(9)	631,639.01		633,139.96
2.	Goodwill	(10)	1,369,320.30		1,369,320.30
3.	Property and equipment	(11)	2,035,064.80		2,879,244.31
			<b>4,036,024.11</b>		<b>4,881,704.57</b>
<b>B.</b>	<b>Current assets</b>				
1.	Receivables and other assets	(12)	16,939,981.52		47,929,159.68
2.	Securities	(13)	0.00		1,747,933.65
3.	Short-term fixed deposits	(14)	4,588,000.00		0.00
4.	Cash and cash equivalents	(15)	97,261,486.95		90,100,764.82
			<b>118,789,468.47</b>		<b>139,777,858.15</b>
<b>C.</b>	<b>Prepaid expenses</b>	(16)		<b>1,822,740.82</b>	<b>715,505.05</b>
<b>Total assets</b>			<b>124,648,233.40</b>		<b>145,375,067.77</b>

## EQUITY & LIABILITIES

		Note	31/12/2017		31/12/2016
		No.	EUR	EUR	EUR
<b>A.</b>	<b>Equity</b>				
1.	Share capital	(17)	7,018,000.00		7,018,000.00
2.	Capital reserves	(17)	7,366,000.00		7,366,000.00
3.	Other comprehensive income	(17)	0.00		472,785.85
4.	Total comprehensive income	(17)	74,926,781.81		94,714,468.48
			<b>89,310,781.81</b>		<b>109,571,254.33</b>
<b>B.</b>	<b>Non-current liabilities</b>				
1.	Provisions for employee benefits	(18)	46,684.11		41,137.75
2.	Provision for deferred taxes	(18)	0.00		67,002.47
			<b>46,684.11</b>		<b>108,140.22</b>
<b>C.</b>	<b>Current liabilities</b>				
1.	Trade payables	(19)	1,758,098.80		459,786.44
2.	Short-term provisions	(20)	22,599,604.50		21,371,141.18
3.	Other liabilities	(21)	10,084,878.55		13,233,595.04
			<b>34,442,581.85</b>		<b>35,064,522.66</b>
<b>D.</b>	<b>Deferred income</b>	(22)		<b>848,185.63</b>	<b>631,150.56</b>
<b>Total equity and liabilities</b>			<b>124,648,233.40</b>		<b>145,375,067.77</b>

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# CONSOLIDATED STATEMENT OF INCOME

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**  
**bet-at-home.com AG, Düsseldorf**

	Note	01/01-31/12/2017	01/01-31/12/2016
	No.	EUR	EUR
Gross betting and gaming income	(1)	145,397,930.98	138,673,877.64
Betting fees and gambling levies	(1)	-18,806,926.01	-16,545,330.59
VAT on electronic services	(1)	-8,828,399.04	-9,240,559.42
<b>Net betting and gaming income</b>		<b>117,762,605.93</b>	<b>112,887,987.63</b>
Other operating income	(2)	913,012.78	955,499.61
<b>Total operating income</b>		<b>118,675,618.71</b>	<b>113,843,487.24</b>
Personnel expenses	(3)	-18,071,254.54	-17,282,187.70
Advertising expenses	(4)	-41,958,227.07	-43,956,211.17
Other operating expenses	(4)	-23,171,964.29	-19,560,649.59
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>35,474,172.81</b>	<b>33,044,438.78</b>
Depreciation and amortisation	(5)	-1,340,830.82	-1,160,485.23
<b>Earnings before interest and tax (EBIT)</b>		<b>34,133,341.99</b>	<b>31,883,953.55</b>
Finance income	(6)	1,517,386.15	2,211,465.60
<b>Earnings before taxes (EBT)</b>		<b>35,650,728.14</b>	<b>34,095,419.15</b>
Taxes on income and earnings	(7)	-2,803,414.81	-3,091,629.09
<b>Consolidated profit for the period</b>		<b>32,847,313.33</b>	<b>31,003,790.06</b>

<b>Earnings per share</b>		
Basic earnings per share	4.680437922	4,41775293
Diluted earnings per share	4.680437922	4,41775293

**GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**

bet-at-home.com AG, Düsseldorf

	01/01-31/12/2017	01/01-31/12/2016
	EUR	EUR
<b>Consolidated profit for the period</b>	<b>32,847,313.33</b>	<b>31,003,790.06</b>
<b>Items that are potentially reclassifiable to profit or loss</b>		
Revaluation in accordance with IAS 39	0.00	422,415.33
Reclassified profits (recycling)	-543,720.09	0.00
<b>Items that are potentially not reclassifiable to profit or loss</b>		
Revaluation in accordance with IAS 19	5,242.46	-3,393.78
<b>Income tax and other recognised income and expense</b>	<b>65,691.79</b>	<b>-60,088.78</b>
<b>Other comprehensive income</b>	<b>-472,785.85</b>	<b>358,932.77</b>
<b>Comprehensive income</b>	<b>32,374,527.49</b>	<b>31,362,722.83</b>



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# CONSOLIDATED STATEMENT OF CASH FLOWS

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

bet-at-home.com AG, Düsseldorf

	Note	2017	2016
	No.	EUR'000	EUR'000
Consolidated profit for the period		32,847	31,004
Other comprehensive income		-473	359
<b>Comprehensive income</b>		<b>32,375</b>	<b>31,363</b>
+ Depreciation of non-current assets	(5)	1,341	1,160
- Interest income related to loans issued to group companies		-451	-2,162
+/- Increase/decrease in provisions		1,167	1,496
+/- Increase/decrease in trade and other receivables not attributable to investing or financing activities		-1,958	-3,160
+/- Increase/decrease in trade and other payables not attributable to investing or financing activities		-1,633	1,532
<b>= Cash flows from operating activities</b>		<b>30,840</b>	<b>30,229</b>
- Acquisition of assets (excluding investments)		-636	-1,280
+ Proceeds from sale of property, plant and equipment		140	2
- Interest income/expense related to loans issued to group companies		29,451	28,162
<b>= Cash flows from investing activities</b>		<b>28,955</b>	<b>26,884</b>
- Payments to shareholders (dividends)		-52,635	-15,791
<b>= Cash flows from financing activities</b>		<b>-52,635</b>	<b>-15,791</b>
<b>= Net cash from operating, investing and financing activities</b>		<b>7,160</b>	<b>41,322</b>
+ Cash and cash equivalents at 1 January		90,101	48,779
<b>= Cash and cash equivalents at 31 December</b>	<b>(15)</b>	<b>97,261</b>	<b>90,101</b>

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# STATEMENT OF CHANGES IN GROUP EQUITY

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**  
 bet-at-home.com AG, Disseldorf

	Share capital	Capital reserves	Other comprehensive income (after taxation)	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 01/01/2016	3,509,000.00	10,875,000.00	113,853.08	79,501,178.42	93,999,031.50
Capital increase/Capital conversion	3,509,000.00	-3,509,000.00	0.00	0.00	0.00
Profit for the year	0.00	0.00	358,932.77	31,003,790.06	31,362,722.83
<b>Total recognised gains and losses</b>	<b>0.00</b>	<b>0.00</b>	<b>358,932.77</b>	<b>31,003,790.06</b>	<b>31,362,722.83</b>
<b>Total of other capital conversions</b>	<b>3,509,000.00</b>	<b>-3,509,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Dividend distribution	0.00	0.00	0.00	-15,790,500.00	-15,790,500.00
<b>As at 31/12/2016</b>	<b>7,018,000.00</b>	<b>7,366,000.00</b>	<b>472,785.85</b>	<b>94,714,468.48</b>	<b>109,571,254.33</b>

	Share capital	Capital reserves	Other comprehensive income (after taxation)	Total comprehensive income	Total equity
	EUR	EUR	EUR	EUR	EUR
As at 01/01/2017	7,018,000.00	7,366,000.00	472,785.85	94,714,468.48	109,571,254.33
Profit for the year	0.00	0.00	-472,785.85	32,847,313.33	32,374,527.49
<b>Total recognised gains and losses</b>	<b>0.00</b>	<b>0.00</b>	<b>-472,785.85</b>	<b>32,847,313.33</b>	<b>32,374,527.49</b>
Dividend distribution	0.00	0.00	0.00	-52,635,000.00	-52,635,000.00
<b>As at 31/12/2017</b>	<b>7,018,000.00</b>	<b>7,366,000.00</b>	<b>0.00</b>	<b>74,926,781.81</b>	<b>89,310,781.81</b>



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

bet-at-home.com AG, Düsseldorf

**I. GENERAL DISCLOSURES AND ACCOUNTING PRINCIPLES**

bet-at-home.com AG, based in Düsseldorf (Tersteegenstrasse 30) and registered at Düsseldorf District Court under file number HRB 52673 (as holding company), prepared its consolidated financial statements as at 31 December 2017 in accordance with international accounting standards.

The consolidated financial statements as at 31 December 2017 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 summarised 2017 Group Management Report was prepared in accordance with the provisions of the German Commercial Code [HGB].

These consolidated financial statements were prepared using the same accounting policies as applied to the previous year's financial statements as at 31 December 2016.

The following standards and interpretations have already been published, but were not yet mandatory for the consolidated financial statements for the period ended 31 December 2017:

Standard/ Interpre- tation	Title	Issued in	Date of EU endorse- ment	Mandatory for report- ing periods beginning on or after
<b>STANDARDS</b>				
IFRS 9	Financial Instruments	Jul 14	Nov 16	01.01.2018
IFRS 15	Revenue from Contracts with Customers	Apr 16	Q3 2017	01.01.2018
IFRS 16	Leases	Jan 16	Q4 2017	01.01.2019
IFRS 17	Insurance Contracts	May 17	t.b.a.	01.01.2021
IFRS 22	Foreign Currency Transactions and Advance Consideration	Dec 16	planned for Q1 2018	01.01.2018
IFRS 23	Uncertainty regarding the treatment of income taxes	Jun 17	planned for Q3 2018	01.01.2019

Standard/ Interpretation	Title	Issued in	Date of EU endorsement	Mandatory for reporting periods beginning on or after
<b>AMENDMENTS</b>				
IFRS 2	Share-Based Payment	Jun 16	planned for Q1 2018	01.01.2018
IFRS 4	Insurance Contracts	Sep 16	Nov 17	01.01.2018
IFRS 9	Financial Instruments	Oct 17	planned for Q1 2018	01.01.2019
IAS 19	Employee Benefits	Feb 18	t.b.a.	01.01.2019
IAS 28	Investment in Associates	Oct 17	planned for 2018	01.01.2019
IAS 40	Investment property	Dec 16	planned for Q1 2018	01.01.2018
VARIOUS	Annual Improvements 2014-2016 for International Financial Reporting Standards	Dec 16	Feb 18	01.01.2018
VARIOUS	Annual Improvements 2015-2017 for International Financial Reporting Standards	Dec 17	planned for 2018	01.01.2019

The effects of the initial application of IFRS 15 will be immaterial as the business activities relate to a specific point in time.

The initial application of IFRS 16 is expected to primarily affect only the disclosure of rent liabilities for office space. IFRS 16 must be applied to all leases. A lease within the meaning of the standard exists if the lessor contractually grants the lessee the right to control an identified asset for a specified period of time and the lessee in turn pays the lessor consideration for this permission.

It is also 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.

The 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, Betclic Everest Group SAS, Paris, France has held a controlling interest in the bet-at-home.com Group parent. Betclic Everest SAS Group (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 profit (loss) for the year does not comprise amounts attributable to shareholders of other companies.

### **Changes in the consolidated group**

There were no changes in group entities in 2017.

### III. BASIS OF CONSOLIDATION

All financial statements included in the consolidated financial statements were 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, audited and consolidated in accordance with International Financial Reporting Standards on the basis of a fictitious legal entity.

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.

In the case of Jonsden Properties Ltd., Gibraltar, which was included in the Austrian subgroup accounts for the first time in 2008, the excess of EUR 2,000 identified upon initial consolidation, due to the cost of acquisition exceeding the fair value of the net identifiable assets acquired, was recognised as goodwill and written down in full as an impairment loss in the same year.

Jonsden Properties Ltd. has 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 venturer uses its own assets, incurs its own expenses and liabilities and raises its own funding 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.

Trade receivables, loans and other receivables are offset against the corresponding payables and provisions during the elimination of intercompany payables and receivables of entities included in the consolidated financial statements. 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 were eliminated against each other. Discounts and other entries affecting only profit or loss were eliminated from the consolidated financial statements.

#### **IV. SIGNIFICANT ACCOUNTING POLICIES**

##### **Use of estimates and assumptions**

The preparation of consolidated financial statements in conformity with IAS/IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures in the notes 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.

Information about critical judgements in applying accounting policies (IFRS) that have the most significant effect on the amounts recognised in the consolidated financial statements, and estimation uncertainties that may bear the risk of requiring a material adjustment of recognised assets and liabilities in subsequent financial years, are 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 and internally-produced intangible assets and office equipment are measured at cost less write-downs.

Internally produced intangible assets are capitalised from the time they become technically feasible, provided no future economic benefit arises from these assets and their cost can be reliably measured. As part of the further development of software, the personnel expenses for each individual member of the project team were measured separately and capitalised as intangible assets (IAS 38). Cost includes direct costs. No other costs were capitalised.

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.

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.

Intangible assets with indefinite useful lives are tested for impairment on an annual basis or in the event of evidence of impairment. The carrying amount of the intangible asset is compared to its recoverable amount. If there is objective evidence of impairment, the impairment loss is recognised under depreciation, amortisation and write-downs in the income statement.

### Goodwill

Goodwill has an indefinite useful life and is not amortised, but tested annually for impairment instead (so-called 'impairment-only' approach). An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. 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.

**Financial assets – marketable securities**

In accordance with IAS 39, securities are measured at cost upon initial recognition and classified as 'available for sale' if their fair value can be derived from quoted market prices. A gain or loss on an available-for-sale financial asset is recognised directly in equity (other comprehensive income) at the reporting date, except for impairment losses and foreign exchange gains and losses (IAS 39.55 (b) in conjunction with IAS 39.67). Fair values are derived from market rates.

**Cash and cash equivalents and short-term fixed 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**

Receivables and other assets are presented under loans and receivables and stated at amortised cost or lower fair value (nominal value) less individual impairment losses for amounts expected to be irrecoverable.

**Other provisions**

Other provisions are recognised if there is a present legal or constructive obligation to a third party due to a past event and it is probable that this obligation will result in a cash outflow. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. When a reasonable estimate is not possible, no provision is recognised and this is disclosed in the notes to the consolidated financial statements.

**Provisions for severance pay**

Due to historic legal contractual obligations, bet-at-home.com Entertainment GmbH must render a one-off severance 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 termination or retirement.

A provision is made for such obligations. An actuary performed the calculation in accordance with the requirements of ISA 19 'Employee Benefits' for the consolidated financial statements as at 31 December 2017 and the figure specified in the expert report was recorded in income.

Actuarial gains and losses were reported in other comprehensive income until the previous year. As the anticipated actuarial gains and losses pertain to one employee only, they are expected to be low. Actuarial gains and losses are therefore reported in personnel expenses as from financial year 2017. The interest cost and employee service cost remain included in the personnel expenses and are not presented in net finance income (costs).

**Trade payables**

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

**Revenue recognition**

Betting revenue of the Maltese second-tier subsidiaries is recognised in accordance with bets placed as at the reporting date, provided the underlying bets have already been settled. Bets placed for sports events that will not take place until after the reporting date, however have already been deducted from customer accounts prior to the reporting date ('pending bets'), are reclassified to accruals and deferred income. Betting fees and gambling levies as well as VAT on electronic services are stated in net gaming revenue.

**Income taxes**

In financial year 2017, the income tax refund from the Maltese tax entity, in which all Maltese group companies are combined for income tax purposes, was recognised in the financial statements of the same year, as was done in previous years.

Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities stated in the consolidated statement of financial position and those for tax purposes. 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).

**Net finance income (costs)**

Net finance income includes all interest and similar income on financial assets. Net finance income also includes current yields on securities, income from the sale of securities and impairment losses on securities held (IAS 39.67) or income from reversals of impairment losses on securities held as well as interest and similar income.

**V. DISCLOSURES AND NOTES ON THE CONSOLIDATED INCOME STATEMENT, CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONSOLIDATED STATEMENT OF CASH FLOWS AND THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

The following sections provide additional information on items of the consolidated income statement, consolidated statement of financial position, consolidated statement of cash flows and the consolidated statement of changes in equity. The previous year's comparative figures were taken from the IFRS consolidated financial statements of bet-at-home.com AG, Düsseldorf, as at 31 December 2016.

**V.1. DISCLOSURES AND NOTES ON THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**

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 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.

The Group operates in the product and operating segments Sports Betting and eGaming. The eGaming segment comprises casino, poker, vegas 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 revenue was defined as segment income.

## Segment reporting in accordance with IFRS 8

31/12/2017	Operating segments			Group total
	Sports betting	eGaming (casino, poker, games, virtual sports)	Non-allocated segments/consolidation	
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming volume	605,522	2,569,107	0	3,174,629
Paid out winnings	-540,968	-2,488,263	0	-3,029,231
<b>Gross betting and gaming revenue</b>	<b>64,554</b>	<b>80,844</b>	<b>0</b>	<b>145,398</b>
Betting fees and gambling levies	-9,176	-9,631	0	-18,807
VAT recognised in profit and loss	-2,733	-6,095	0	-8,828
<b>Net betting and gaming revenue</b>	<b>52,645</b>	<b>65,118</b>	<b>0</b>	<b>117,763</b>
Segment assets	21,704	20,433	82,511	124,648

31/12/2016	Operating segments			Group total
	Sports betting	eGaming (casino, poker, games, virtual sports)	Non-allocated segments/consolidation	
	EUR'000	EUR'000	EUR'000	EUR'000
Betting and gaming volume	640,392	2,285,773	0	2,926,165
Paid out winnings	-574,240	-2,213,251	0	-2,787,491
<b>Gross betting and gaming revenue</b>	<b>66,152</b>	<b>72,522</b>	<b>0</b>	<b>138,674</b>
Betting fees and gambling levies	-8,728	-7,818	0	-16,545
VAT recognised in profit and loss	-3,416	-5,825	0	-9,241
<b>Net betting and gaming revenue</b>	<b>54,008</b>	<b>58,879</b>	<b>0</b>	<b>112,888</b>
Segment assets	23,462	16,966	104,947	145,375

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

## Segment reporting – supplementary information

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

	31/12/2017		31/12/2016	
	EUR'000	in %	EUR'000	in %
Germany	1,100,485	35%	914,821	31%
Austria	908,247	29%	776,048	27%
Eastern Europe	741,542	23%	822,180	28%
Western Europe (other)	424,355	13%	413,116	14%
	<b>3,174,629</b>	<b>100%</b>	<b>2,926,165</b>	<b>100%</b>

In the 2017 financial year, countries with similar markets were grouped together by region as follows:

**Eastern Europe:**

Bosnia and Herzegovina, Croatia, Montenegro, Poland, Serbia, Slovakia, Slovenia

**Western Europe (other):**

Cyprus, Finland, Ireland, Liechtenstein, Malta, Netherlands, Sweden, Switzerland, United Kingdom

**(2) Other operating income**

	2017	2016
	EUR'000	EUR'000
Exchange rate gains	459	330
Income from the release of provisions	176	300
Other	278	326
	<b>913</b>	<b>956</b>

### (3) Personnel expenses

Breakdown of personnel expenses:

	2017	2016
	EUR'000	EUR'000
Salaries	14,094	13,406
Expenses for severance payments and company pension plan contributions	205	185
Expenses for statutory social contributions and pay-based levies and statutory contributions	3,530	3,466
Other social contributions	242	225
	<b>18,071</b>	<b>17,282</b>

Payments and contributions to company pension plans include payments totalling EUR 194 thousand (2016: EUR 182 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	
	31/12/2017	31/12/2016	2017	2016
Employees	311	296	302	289
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:

	2017	2016
	EUR'000	EUR'000
Advertising expenses		
Advertising costs	18,251	21,228
Bonuses and vouchers	14,317	12,459
Sponsoring	7,843	8,678
Jackpot expenses	1,547	1,591
	<b>41,958</b>	<b>43,956</b>

	2017	2016
	EUR'000	EUR'000
Other operating expenses		
Additional transaction costs	7,410	6,718
Software provider expenses	6,219	5,871
Information services and software maintenance	1,946	1,699
Legal, audit and advisory fees	1,593	1,166
Exchange rate differences and similar expenses	1,397	918
Rent and lease expenses	891	769
Additions to provisions for impairment losses on receivables, loan losses and claims	440	25
Costs for the preparation of financial statements, general meeting of shareholders and stock exchange costs	343	479
Supervisory Board remuneration	40	20
Other costs	2,893	1,896
	<b>23,172</b>	<b>19,561</b>

**(5) Depreciation, amortisation and write-downs**

	2017	2016
	EUR'000	EUR'000
Amortisation and write-downs of intangible assets	183	225
Depreciation and write-downs of property, plant and equipment	1,120	904
Write-downs of low-value assets	38	31
	<b>1,341</b>	<b>1,160</b>

**(6) Net finance income**

	2017	2016
	EUR'000	EUR'000
Finance income		
Interest receivable and similar income	494	2,211
Income from the disposal of marketable securities	1,023	0
	<b>1,517</b>	<b>2,211</b>

Interest receivable and similar income amounted to EUR 451 thousand (2016: EUR 2,162 thousand) and pertained to interest received from the short-term loan issued to Mangas BAH SAS, Paris, a previous group company of the majority shareholder, Betclic Everest Group SAS, which was fully repaid in June 2017.

## (7) Income taxes

This item can be presented as follows:

	2017	2016
	EUR'000	EUR'000
Actual taxes		
Current income taxes for the year under review, Austrian subgroup	2,478	2,437
Current income taxes for the year under review, Germany	507	846
Tax income in previous years	-181	-191
	<b>2,804</b>	<b>3,092</b>

The disposal of the securities in financial year 2017 resulted in reclassified gains in the statement of comprehensive income in the amount of EUR 544 thousand. As at 31 December 2017, deferred tax liabilities therefore amounted to EUR 0 thousand (previous year: 67 EUR thousand).

Difference between the estimated and actual income tax expense:

	2017	2016
	EUR'000	EUR'000
Earnings before taxes	35,651	34,095
Calculated income tax expense, Austria (25%)	8,913	8,524
Previous years' tax income	-181	-191
Tax differences for Malta tax group	-7,132	-6,426
Tax expense, Germany (corporation and trade taxes)	507	846
Other differences and tax rate changes	697	339
<b>Tax expense</b>	<b>2,804</b>	<b>3,092</b>

## (8) Consolidated net profit for the period

Consolidated net profit for the period in the amount of EUR 74,927 thousand (previous year: EUR 94,714 thousand) exclusively pertains to the shareholders of the parent company.

**V.2. COMMENTS ON ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 31 DECEMBER 2017**

**(9) to (11) Non-current assets**

A breakdown of non-current assets and their movements during the financial years 2016 and 2017 is presented in the Changes in Non-current Assets for the Group (appendix to the notes).

**(9) Intangible assets**

Internally-produced software

Internally-produced software has a useful life of three years. As at 31 December 2017, the carrying amount of internally produced intangible assets was EUR 0 thousand (31/12/2016: 0 EUR thousand).

**(10) Goodwill**

Breakdown:

	31/12/2017	31/12/2016
	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
	<b>1,369</b>	<b>1,369</b>

Acquisition of the 'Wetten-Schwechat' business unit

By agreement dated 1 July 2007, Betcompany s.a., Uruguay, transferred the customer base for the wetten-schwechat.at, wetten-schwechat.com and wetten-schwechat.de domains to bet-at-home.com Internet Ltd., Malta. Purchase price allocation in accordance with IFRS 3 resulted in a) an asset value of EUR 18 thousand (customer base for depositing users), which will be written down over its anticipated useful life of two years, and b) remaining goodwill of 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

By agreement dated 14 January 2008, Starbet International Ltd., Ta'Xbiex/Malta, transferred the domains "starbet.de" and "starbet.com" (and all related customer relationships) to bet-at-home.com Internet Ltd., Malta. 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.

## (11) Property, plant and equipment

A breakdown of property, plant and equipment and their movements during the financial year 2017 is presented in the Changes in Non-current Assets for the Group (appendix to the notes).

## (12) Receivables and other assets

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

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Receivables from payment service providers	4,294	6,198
Receivables from associated companies	824	30,815
Tax receivables	11,322	10,260
Other receivables	500	656
	<b>16,940</b>	<b>47,929</b>

**(13) Marketable securities**

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Shares in investment funds	0	1,748

All securities were sold in financial year 2017. All securities were classified as available-for-sale and measured at their fair value. Changes in fair value were recognised directly in the revaluation reserve in equity, except for impairment losses or reversals of impairment losses or exchange gains or losses.

**(14) Short-term fixed deposits**

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Cash at bank (maturities > 3 months)	4,588	0

**(15) Cash and cash equivalents**

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Cash at bank (maturities > 3 months) and in hand	97,261	90,101

**(16) Prepayments and accrued income**

Prepayments and accrued income mainly concerns prepayments under advertising and sponsorship agreements as well as maintenance agreements.

## (17) Group equity

Breakdown of the Group's equity:

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Share capital	7,018	7,018
Capital reserves	7,366	7,366
Other comprehensive income	0	473
Consolidated net profit for the period	74,927	94,714
	<b>89,311</b>	<b>109,571</b>

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

**(18) Non-current liabilities**

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Provisions for employee benefits	47	41
Provision for deferred taxes	0	67
	47	108

In order to calculate provisions for termination benefits in accordance with IAS 19 by applying the projected unit credit method, an actuary's opinion was obtained, which is based on a discount rate of 1.69% (previous year: 1.71%) and an annual growth rate of 2.5%.

Please refer to the disclosures and notes on the consolidated income statement in Section 7 for further information on the decrease in deferred taxes.

**(19) to (22) Current liabilities and accruals and deferred income**

Breakdown of current liabilities and accruals and deferred income:

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Trade payables	1,758	460
Current provisions	22,600	21,371
Other current liabilities	10,085	13,234
	34,443	35,065
Accruals and deferred income	848	631
	35,291	35,696

Movements in provisions during financial year 2017 (in EUR'000):

	Balance at 01/01/2017	Utilisation	Release	Addition	Balance at 31/12/2017
<b>Non-current</b>					
Employee benefits	41	0	0	6	47
Deferred tax liabilities	67	0	0	-67	0
<b>Current</b>					
Taxes	12,571	11,934	21	13,142	13,758
Personnel provisions	1,620	1,617	3	1,659	1,659
Audit and advisory	253	233	20	277	277
Outstanding invoices	1,370	1,241	129	1,774	1,774
Betting fees and gambling levies	4,232	4,231	1	3,557	3,557
Other	1,325	1,324	1	1,574	1,574
	21,371	20,580	175	21,984	22,600
	21,479	20,580	175	21,923	22,647

In the consolidated financial statements as at 31 December 2017, a provision was made for betting fees and gambling levies for December 2017; they were paid in January 2018.

The employee provisions comprise unused holiday pay and overtime and bonuses.

Other current liabilities include payables to customers of EUR 7,476 thousand (31 December 2016: 9,508 EUR thousand).

Deferred income consists of bets already deducted from customer accounts prior to the reporting date (pending bets). However, the sports events relating to these bets will not take place until after the reporting date (mostly in January 2018).

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

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

The interest income for loans issued to group companies was recognised in cash flow from investing activities. The other interest income was classified as cash flows from operating activities.

**V.4. COMMENTS ON THE PRESENTATION OF CHANGES IN GROUP EQUITY**

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

**VI. OTHER DISCLOSURES****VI.1. FINANCIAL INSTRUMENTS****Non-derivative financial instruments**

For further details on non-derivative financial instruments, see the consolidated statement of financial position. The Group does not trade in derivatives and only holds bank balances and cash and cash equivalents.

**Fair value**

The fair values of securities are equal to their carrying amounts. Due to their short maturities, the fair values of other financial instruments (receivables, payables) approximate their carrying amounts. Fair values were therefore not determined for these assets and liabilities.

Reconciliation of carrying amounts and fair values (by category) in accordance with IAS 39:

	Carrying amount 31/12/2017	At amortised cost		At fair value		Total carrying amount of financial instruments	Fair value of financial instruments	Non- financial instruments
		loans & receivables	at amortised cost	available-for- sale				
<b>Current assets</b>								
Receivables and other current assets	16,940	5,618	0	0	0	5,618	5,618	11,322
Securities	0	0	0	0	0	0	0	0
Short-term deposits	4,588	0	4,588	0	0	4,588	4,588	0
Cash in hand and cash at banks	97,261	0	97,261	0	0	97,261	97,261	0
<b>Current liabilities</b>								
Provisions	22,600	0	8,841	0	0	8,841	8,841	13,759
Trade payables	1,758	0	1,758	0	0	1,758	1,758	0
Other liabilities and accruals and deferred income	10,933	0	10,085	0	0	10,085	10,085	848

	Carrying amount 31/12/2016	At amortised cost		At fair value		Total carrying amount of financial instruments	Fair value of financial instruments	Non- financial instruments
		loans & receivables	at amortised cost	available-for- sale				
<b>Current assets</b>								
Receivables and other current assets	47,929	37,669	0	0	0	37,669	37,669	10,260
Securities	1,748	0	0	1,748	0	1,748	1,748	0
Cash in hand and cash at banks	90,101	0	90,101	0	0	90,101	90,101	0
<b>Current liabilities</b>								
Provisions	21,371	0	8,800	0	0	8,800	8,800	12,571
Trade payables	460	0	460	0	0	460	460	0
Other liabilities and accruals and deferred income	13,865	0	13,234	0	0	13,234	13,234	631

## 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.

The table below shows the classification of financial assets and liabilities measured at fair value according to the fair value hierarchy. This distinguishes between fair values based on the significance of the inputs used for their measurement and shows to what extent observable market data were available for determining the fair value.

As at 31/12/2017 (EUR'000)	Fair value of financial instruments	Level 1	Level 2	Level 3
Non-current assets	0	0	0	0
Current assets	0	0	0	0

As at 31/12/2016 (EUR'000)	Fair value of financial instruments	Level 1	Level 2	Level 3
Non-current assets	0	0	0	0
Current assets	1,748	1,748	0	0

The risks arising from 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 law and regulatory risks**

In some European countries, betting and gaming providers remain 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 the positive judgements by the European Court of Justice and other regulatory developments, the Management Board expects further liberalisation of the eGaming market in the EU. 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 eGaming licences in countries facilitating fair market access, in an effort to enhance legal certainty. However, there is the risk that individual countries could exclude customers from private foreign gaming offerings by imposing provider blocks, even though there are no legal grounds for such measures. This risk has only increased now that a number of new statutory provisions regarding eGaming explicitly provide for such measures, in violation of EU law.

### 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 online gaming and sports betting is legal 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 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 if the measures are subsequently proven to be illegal.

Individual countries have further implemented provider blocks 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. Provider blocks have the potential to damage the Group, even in the very short term, and possibly quicker than it takes to defend the Group against such blocks through the legal channels.

In the past reporting period, the development of the regulatory environment was impacted by the continuous efforts of the member countries of the European Union to regulate the online sports betting and gaming sector and to establish a licensing system for private providers, even though these endeavours did not always comply with the stipulations of European law. The key markets of bet-at-home.com AG Group developed as follows in the past reporting period:

- 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. At their conference in October 2016, the German Minister Presidents agreed on an amendment of the gaming treaty with a minimal impact and on moving the tasks relating to various federal states. The limit of 20 licenses was abolished. However, the remaining legal deficiencies, such as the intransparent tendering process and violation of the German constitution of the gaming council, remained unchanged. The Federal State of Hesse was granted the right to termination for good cause two years after the effective date of the amendment treaty should the online gaming negotiations not be successfully concluded within a period of 18 months from the effective date with an approval from all Minister Presidents of the federal states. All federal states originally agreed to ratify the Revised Interstate Gambling Treaty within

the specified period, by the end of 2017. Following the change of government in Schleswig-Holstein in May 2017, the new federal government rescinded this agreement. Since then, Schleswig-Holstein has once again been lobbying for an immediate new regulation for all of Germany which includes online gaming. At the end of 2017, Hesse and North-Rhine Westphalia also agreed with this position and also failed to ratify the Revised Interstate Gambling Treaty. The Revised Interstate Gambling Treaty therefore could not be enforced on 1 January 2018, as planned. As the liberalisation of the sports betting market, which is planned in the existing treaty in the form of an 'experimental clause', expires as early as 1 July 2019, a new regulation must come into effect before this date. Failure to do so would result in the risk of the sector reverting back to the sports betting online monopoly, which has been ruled to be illegal by the courts.

- On 1 April 2017, an amendment to the gambling laws of Poland 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. The Group therefore decided not to apply for a license for now and to take legal action against the discriminatory regulations. Since July 2017, the Group has been subject to enforcement measures by the Polish authorities such as IP blocking and payment blocking. Extensive legal action was initiated in this respect. The rulings of the first instance are not expected until the end of 2018. During these proceedings, a draft application was submitted to the European Court of Justice requesting to review the provisions of EU law with regard to the Polish gaming law and its violation of EU law. The Group will continue to closely monitor the political and legal developments and adjust its strategy accordingly.
- In September 2017, the Swiss parliament resolved to amend the gambling law so as to enable national stationary gambling providers to also offer their products on the internet for the first time. Plans are to stop foreign providers from entering the Swiss market in the future. IP blocking measures have been included in the law for this purpose. The new law was originally scheduled to come into effect on 1 January 2018. In agreement with other providers and involving the new Swiss parties and other allies, the Group decided to prevent the enforcement of this discriminatory regulation by initiating a popular vote. At the end of 2017, the required 50,000 signatures had been collected and were forwarded to the authorities. As a result, the new law cannot be enacted before 1 January 2019 at the earliest. Another delay may be possible, depending on the result of the popular vote, which will be held either in June or September 2018.

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 state monopolies on gambling. The companies of the bet-at-home.com AG Group were involved in the following proceedings in financial year 2017:

- In Germany, all pending sports betting injunctions of the federal states were abandoned back in 2014. Once the sports betting tendering process had failed, the federal states agreed to coordinate the execution of the online casino ban. At the beginning of 2015, the Federal State of Berlin 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 legally binding ruling is expected until the end of 2018. The Group will continue to offer its casino products in Berlin.
- 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. The penalty may therefore be imposed until the conclusion of the action before the first instance, which may take until the end of 2018.
- Schleswig-Holstein also joined in at the end of 2017 and issued similar injunctions against bet-at-home.com Entertainment Ltd. Due to the fact that the legal position in this federal state complies with EU law as well as the considerable expense involved in implementing the existing regional licenses, the company decided to discontinue its casino products in Schleswig-Holstein at the end of February 2018.

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 liberalisation of the 'online' sales channel. This decision was made during proceedings against another competitor. The supreme court further emphasised the legality of an online sports betting ban if the provider does not hold the required license and also has not applied for one because the licensing requirement complies with the German constitution and EU law. The explanatory statement for this ruling is expected in February 2018. It is to be expected that the number of legal measures against online gaming products will increase further due to this ruling. Overall, the case law regarding the standardisation of German gambling law remains inconsistent. A final ruling by the European Court of Justice is still pending.

The Group strengthened the following activities at a national level in the past reporting period: In addition to its long-term membership with the European Gaming and Betting Association (EGBA) and its new membership with Deutscher Sportwettenverband (DSWV) [German Sports Betting Association] in 2015, bet-at-home.com became a founding member of Deutscher Online Casinoverband (DOCV) [German Online Casino Association] and Oesterreichische Vereinigung für Wetten und Glücksspiel (OVWG) [Austrian Association for Betting and Gaming]. All associations campaign for fair and legally sound regulations in the corresponding countries.

The risks of negative effects resulting from the regulatory environment and existing legal risks 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 the continuing liberalisation

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 continuing liberalisation 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.

The Dutch market liberalisation for foreign providers encountered further delays in the past reporting period. From today's perspective, it is to be expected for the new gambling law to be resolved and the licensing process to still start during the course of 2018. This new delay is caused by the sale of the national casinos which is to be completed before opening the market to private providers. The general conditions are expected to be generally legally compliant and profitable and bet-at-home.com AG Group is therefore aiming to obtain a national license.

Supported by the positive rulings of the European Court of Justice, the Management Board expects the liberalisation of the eGaming market to progress further in many EU member states. 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 and strives to obtain eGaming 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.

Since the introduction of the respective taxes and levies, the tax and levy rates have neither been increased nor decreased. As a result, the risk is to be classed as unchanged year-on-year from today's perspective. Should such risk occur, the impact on the financial position, financial performance and cash flows would be high.

### Customer compensation claims and/or reimbursement of gaming losses

bet-at-home.com has implemented numerous measures to encourage its customers to gamble responsibly and for many years has been cooperating with organisations such as the Institute for Gambling and Dependence [Institut für Glücksspiel und Abhängigkeit] in Salzburg, Austria. These measures are complemented by voluntary annual compliance checks by eCogra, the industry testing organisation.

Individual risks nevertheless exist, such as the possibility of customers who have incurred betting and/or gambling losses attempting, or continuing to attempt, to claim compensation for such losses from bet-at-home.com AG Group on the grounds of having been offered betting or gaming products that are banned under regulatory law. It is also conceivable that customers claim compensation for losses from the Group on the grounds of a gambling addiction, meaning that they were in an unfit condition to enter into a business transaction when concluding the bet and/or playing the game, or that gamer protection mechanisms (particularly blocks) were implemented not at all or too late to protect them.

As at the reporting date on 31 December 2017, no proceedings of material importance were pending.

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 loss and/or revocation 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. Serious interference with IT systems, particularly through adverse external influences such as hacker attacks, DDos attacks etc., may have a negative impact on the financial position, financial performance and cash flows of the Group. 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
- Protecting the productive environment with IDS/IPS firewall systems
- Operating a centrally managed anti-virus software
- Annual penetration tests within the scope of system audits
- Monitoring log files using a SIEM (Security Information Event Management)
- 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.

### 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.com 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.com 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.com 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 509 thousand (31 December 2016: 451 EUR 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). The Polish zloty created significant currency risks in the 2017 financial year, 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 383 thousand (31 December 2016: EUR 91 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

Members of the Management Board of bet-at-home.com AG, Düsseldorf, during the 2017 financial year:

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

In 2017, the members of the Management Board of the parent company received fixed compensation in the amount of EUR 795 thousand (previous year: EUR 765 thousand) and variable compensation in the form of a management bonus in the amount of EUR 996 thousand (previous year: EUR 951 thousand) from Group shareholders. One Group company also paid for one consulting service in the amount of EUR 280 (previous year: EUR 280 thousand).

Cash inflow (in EUR)	Franz Ömer		Michael Quatember	
	CEO		CEO	
	2017	2016	2017	2016
Fixed compensation	470,000.00	440,000.00	325,000.00	325,000.00
Fringe benefits	280,000.00	280,000.00	0.00	0.00
<b>Total</b>	<b>750,000.00</b>	<b>720,000.00</b>	<b>325,000.00</b>	<b>325,000.00</b>
One-year variable compensation	425,960.00	408,000.00	425,960.00	408,000.00
Long-term management bonus	72,000.00	67,500.00	72,000.00	67,500.00
Variable third-party compensation	890,953.18	0.00	890,953.18	0.00
Multiple-year variable compensation	962,953.18	67,500.00	962,953.18	67,500.00
<b>Total</b>	<b>1,388,913.18</b>	<b>475,500.00</b>	<b>1,388,913.18</b>	<b>475,500.00</b>
Catering expenses	0.00	0.00	0.00	0.00
<b>Total compensation</b>	<b>2,138,913.18</b>	<b>1,195,500.00</b>	<b>1,713,913.18</b>	<b>800,500.00</b>

In 2017, the parent company furthermore assumed the costs of an accident insurance policy in the amount of EUR 1 thousand (previous year: EUR 1 thousand) for one of the members of the Management Board and carried the costs of the contributions due in accordance with the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz, BMSVG) in the amount of EUR 14 thousand (previous year: 11 EUR thousand).

Allocations granted (in EUR)	Franz Ömer				Michael Quatember			
	CEO				CEO			
	2016	2017	2017 (Min)	2017 (Max)	2016	2017	2017 (Min)	2017 (Max)
Fixed compensation	440,000.00	470,000.00	470,000.00	470,000.00	325,000.00	325,000.00	325,000.00	325,000.00
Fringe benefits	280,000.00	280,000.00	280,000.00	280,000.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>720,000.00</b>	<b>750,000.00</b>	<b>750,000.00</b>	<b>750,000.00</b>	<b>325,000.00</b>	<b>325,000.00</b>	<b>325,000.00</b>	<b>325,000.00</b>
One-year variable compensation	425,960.00	452,231.42	0.00	484,500.00	425,960.00	452,231.42	0.00	484,500.00
Long-term management bonus	72,000.00	75,169.41	0.00	85,500.00	72,000.00	75,169.41	0.00	85,500.00
Variable third-party compensation	890,953.18	0.00	0.00	0.00	890,953.18	811,140.44	0.00	n.a.
Multiple-year variable compensation	962,953.18	75,169.41	0.00	85,500.00	962,953.18	886,309.85	0.00	n.a.
<b>Total</b>	<b>1,388,913.18</b>	<b>527,400.83</b>	<b>0.00</b>	<b>570,000.00</b>	<b>1,388,913.18</b>	<b>1,338,541.27</b>	<b>0.00</b>	<b>n.a.</b>
Catering expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total compensation</b>	<b>2,108,913.18</b>	<b>1,277,400.83</b>	<b>750,000.00</b>	<b>1,320,000.00</b>	<b>1,713,913.18</b>	<b>1,663,541.27</b>	<b>325,000.00</b>	<b>n.a.</b>

In 2016, Betcltic Everest Group SAS, the majority shareholder of bet-at-home.com AG, approved variable compensation for the members of the Management Board for the first time. Betcltic Everest Group SAS is the sole payee of this compensation, which therefore does not place any financial burden on bet-at-home.com AG or its subsidiaries. The accrual and amount of this variable compensation is based on the price of the shares of bet-at-home.com AG exceeding a certain level at the end of 2016, 2017 and 2018 (basic allowance). An additional incentive for the members of the Management Board is to pay attention to the development of the share price. It is created by decreasing the percentage of compensation if the basic allowance is exceeded during the reporting period and that an agreed minimum dividend does not reduce the basic allowance. Contracts have been concluded to ensure that bet-at-home.com AG will not assume any liability in this respect, including for any taxes payable.

This form of variable compensation is paid as an additional incentive for an above-average presence in the capital market of the members of the Management Board and is therefore not paid for services provided directly for the company, which is why this compensation does not fall within the scope of application of IFRS 2.

Members of the Supervisory Board of bet-at-home.com AG, Düsseldorf, during the 2017 financial year:

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

In 2017, the Chairman of the Supervisory Board received fixed compensation of EUR 40 thousand (previous year: EUR 20 thousand). Necessary expenses were also reimbursed. In 2017, the other members of the Supervisory Board waived compensation, just as in the previous year.

Major business transactions with related parties in financial year 2017 were the loans issued by the parent company, bet-at-home.com AG, Düsseldorf, to a company of Betcltic Everest Group SAS, Paris, which were fully repaid in the first half of 2017. The conditions were at arm's length. There were no other significant related party transactions.

Pursuant to Section 312 (3) of the German Companies Act [Aktiengesetz; AktG], the Board of Management states that, according to the circumstances known to the Board at the time when legal transactions were concluded with related parties, the parent company received appropriate compensation for each legal transaction. No actions subject to Section 312 (1) AktG were taken or omitted.

#### VI.4. OTHER COMMITMENTS AND CONTINGENT LIABILITIES

##### Other commitments

Future commitments in respect of rental and lease agreements for the next five years total EUR 4,600 thousand (previous year: 3,869 EUR thousand). Of this amount, EUR 920 thousand (previous year: EUR 774 thousand) fall due within one year. These are rent payments for office premises in Linz, Portomaso, Malta, and Düsseldorf. The tenancy in Linz, representing the largest share of these commitments, can be terminated by the end of any month after the expiry of the minimum tenancy period of 48 months, subject to three months' notice. Due to the indefinite contract period, the total commitment under this tenancy cannot be more precisely determined.

#### VI.5. AUDITOR'S FEE

The auditor's fee totalled EUR 96 thousand in 2017 (previous year: EUR 135 thousand), which breaks down as follows:

	2017	2016
	EUR'000	EUR'000
Audit services	83	85
Other advisory services	0	14
Tax advisory services	13	36
Other services	0	0
	<b>96</b>	<b>135</b>

**VI.6. DECLARATION PURSUANT TO SECTION 161 AKTG ON THE GERMAN CORPORATE GOVERNANCE CODE**

The Supervisory and Management Boards of bet-at-home.com AG have issued the statutory declaration for listed companies pursuant to Section 161 of the German Companies Act [Aktiengesetz; AktG] and made it accessible to the shareholders. The declaration has been published in the Investor Relations section of [www.bet-at-home.ag](http://www.bet-at-home.ag) under Corporate Governance.

**VI.7. MATERIAL SUBSEQUENT EVENTS**

There were no other events materially affecting the Group's business development and financial position in the period between the end of the 2017 financial year and preparation of the consolidated financial statements.

**VI.8. APPROPRIATION OF NET PROFIT**

Subject to the Supervisory Board's consent, the Management Board of the parent company will propose to the general meeting of shareholders in 2018 to pay an unchanged dividend of EUR 7.50 per share, totalling EUR 52,635,000.00, from net profit for the year as at 31 December 2017 and to carry EUR 3,160,465.19 forward to new account.

## VI.9. RESPONSIBILITY STATEMENT

We assure that to the best of our knowledge, the consolidated financial statements give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with the applicable reporting standards, and that the management report 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.

Düsseldorf, 23 February 2018

Franz Ömer

Michael Quatember

**APPENDIX TO THE NOTES**
**CHANGES IN NON-CURRENT ASSETS FOR THE GROUP AS AT 31 DECEMBER 2017**
**bet-at-home.com AG, Düsseldorf**

	At cost						Accumulated depreciation					
	Balance at 01/01/2017	Additions	Disposals	Reclassifications	Balance at 31/12/2017	Balance at 01/01/2017	Additions	Disposals	Balance at 31/12/2017	Carrying amount 31/12/2017	Carrying amount 31/12/2016	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
I.	Intangible assets	4,419,157.47	223,303.78	339,787.53	119,603.33	4,422,277.05	2,416,697.21	209,408.79	204,788.26	2,421,317.74	2,000,959.31	2,002,460.26
	1. Software, Internet domains and similar rights and benefits and licences derived therefrom	3,049,837.17	223,303.78	339,787.53	119,603.33	3,052,956.75	2,416,697.21	209,408.79	204,788.26	2,421,317.74	631,639.01	633,139.96
	2. Goodwill	1,369,320.30	0.00	0.00	0.00	1,369,320.30	0.00	0.00	0.00	0.00	1,369,320.30	1,369,320.30
II.	Property and equipment	6,397,611.11	415,864.84	262,475.37	-119,603.33	6,431,397.25	3,518,366.80	1,131,422.03	253,456.38	4,396,332.45	2,035,064.80	2,879,244.31
	1. Furniture and fixtures, office equipment	5,564,277.78	282,593.13	262,475.32	722,001.66	6,306,397.25	3,518,366.80	1,131,422.03	253,456.38	4,396,332.45	1,910,064.80	2,045,910.98
	2. Construction in progress	833,333.33	133,271.71	0.05	-841,604.99	125,000.00	0.00	0.00	0.00	0.00	125,000.00	833,333.33
	bet-at-home.com International Ltd.	0.00	8,271.71	0.00	-8,271.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		10,816,768.58	639,168.62	602,262.90	0.00	10,853,674.30	5,935,064.01	1,340,830.82	458,244.64	6,817,650.19	4,036,024.11	4,881,704.57

	At cost						Accumulated depreciation					
	Balance at 01/01/2016	Additions	Disposals	Reclassifications	Balance at 31/12/2016	Balance at 01/01/2016	Additions	Disposals	Balance at 31/12/2016	Carrying amount 31/12/2016	Carrying amount 31/12/2015	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
I. Intangible assets	4,402,151.73	17,005.74	0.00	0.00	4,419,157.47	2,192,056.26	224,640.95	0.00	2,416,697.21	2,002,460.26	2,210,095.47	
1. Software, Internet domains and similar rights and benefits and licences derived therefrom	3,032,831.43	17,005.74	0.00	0.00	3,049,837.17	2,192,056.26	224,640.95	0.00	2,416,697.21	633,139.96	840,775.17	
2. Goodwill	1,369,320.30	0.00	0.00	0.00	1,369,320.30	0.00	0.00	0.00	0.00	1,369,320.30	1,369,320.30	
II. Property and equipment	5,211,916.61	1,262,967.75	77,273.25	0.00	6,397,611.11	2,658,539.63	935,844.28	76,017.11	3,518,366.80	2,879,244.31	2,553,376.98	
1. Furniture and fixtures, office equipment	4,467,826.61	429,634.42	77,273.25	744,090.00	5,564,277.78	2,658,539.63	935,844.28	76,017.11	3,518,366.80	2,045,910.98	1,809,286.98	
2. Construction in progress	744,090.00	833,333.33	0.00	-744,090.00	833,333.33	0.00	0.00	0.00	0.00	833,333.33	744,090.00	
	9,614,068.34	1,279,973.49	77,273.25	0.00	10,816,768.58	4,850,595.89	1,160,485.23	76,017.11	5,935,064.01	4,881,704.57	4,763,472.45	



WTA tennis tournament in Linz

# SUMMARISED MANAGEMENT REPORT

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**SUMMARISED 2017 MANAGEMENT REPORT****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 gaming and sports betting company. With more than 4.8 million registered customers, the Group is one of the most successful providers in Europe.

The varied options offered on www.bet-at-home.com include Sports Betting, Poker, Casino, Vegas Games and Virtual Sports. In 2017, sports bets were placed on more than 379,000 events in over 75 types of sport. bet-at-home.com has companies in Germany, Austria, Malta and Gibraltar. The successful development of the company can be attributed to its 311 employees as at 31 December 2017.

In addition to several 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 Austria, 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 as 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 gaming licences for Sports Betting, Poker, Casino, Vegas 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 RESEARCH AND DEVELOPMENT**

One of the most important assets of the Group is its effective state-of-the-art software. We are continuously enhancing and developing this software. Sports betting and casino products for the mobile platform were continuously enhanced and optimised during the course of 2017. bet-at-home.com achieved another internal development milestone with the launch of the Casino app in September 2017.

**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 eGaming 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. This development will be supported by the high scalability of the business model and the expected progressive deregulation of the market.

**B.2 BUSINESS TREND****(1) Highlights in 2017**

In 2017, bet-at-home.com AG Group once again showed its strength by generating new record gaming volumes, betting and gaming revenue and key performance indicators in the history of the company. In 2017, the gross betting and gaming revenue amounted to EUR 145.4 million, thus 4.8% up on the previous year's figure of EUR 138.7 million and once again reaching a record in the history of bet-at-home.com. Despite the ongoing investments in the brand's popularity, the EBITDA in 2017 also increased by 7.4% to a record of EUR 35.5 million, thus around EUR 2.5 million up on the comparative figure of EUR 33.0 million in the previous year. Group-wide bundling of the procurement of marketing services at the group company in Gibraltar resulted in significant synergies also during the 2017 financial year, which have influenced the Group's development positively.

As no major football event with a large audience took place in the reporting period 2017, the marketing focus for financial year 2017 was already set in the first quarter of 2017 to coincide with the second leg of the Football Bundesliga. It comprises all marketing channels, including a major TV campaign in Germany and Austria. The long-term cooperations with the German Bundesliga football club FC Schalke 04 was again renewed until 2021.

Further permanent expansion in the area of live betting will strengthen the Group's market position further and ensure its continued positive development. Ongoing innovations on the mobile platforms and apps and the optimisation of the mobile device product portfolio are the main focus of operations. As a result, more than 48% of the gross betting and gaming revenue was already generated through mobile devices at the end of financial year 2017.

**(2) Staffing**

During the 2017 financial year, the average number of staff (excluding the Board) employed by the Group rose to 302 (previous year: 289). As at the 2017 reporting date, the Group employed 311 staff (previous year: 296). Targeted personnel development combined with the recruitment of highly qualified professionals form the basis for the Group's continued successful development. The quality of recruitment measures is underpinned by a very low staff turnover rate. 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.com brand, throughout Europe during the 2017 financial year. This can be measured, in particular, by the number of registered customers increasing to more than 4.8 million (previous year: 4.6 million) in 2017.

#### B.3.1 Earnings position

In financial year 2017, the gross betting revenue (bets placed less paid out winnings) amounted to EUR 64.6 million, slightly down on the previous year due to a lack of major sports events (previous year: EUR 66.2 million).

The gross gaming revenue (gaming revenue less paid out winnings) increased year-on-year to EUR 80.8 million (previous year: EUR 72.5 million). Gaming comprises the products Poker, Casino, Vegas Games and Virtual Sports.

The total gross betting and gaming income increased once again to EUR 145.4 million in 2017 (previous year: EUR 138.7 million), thus marginally exceeding the 2017 forecast. The gross betting and gaming revenue is a key 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 in the European Union, net gaming revenue in 2017 amounted to EUR 117.8 million (previous year: EUR 112.9 million).

During the 2017 financial year, the Group's earnings position was as follows:

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Net gaming revenue	117,763	112,888
Total operating income	118,676	113,843
EBT (Earnings Before Taxes) *)	35,651	34,095
EBIT (Earnings Before Interest and Taxes) **)	34,133	31,884
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) ***)	35,474	33,044

\*) 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 previous year's EBITDA forecast of EUR 34 million to EUR 38 million was therefore met.

The betting fees or taxes and gambling levies payable in various countries decreased earnings by EUR 18,807 thousand during the 2017 financial year (previous year: 16,545 EUR thousand). In addition, VAT regulations for electronic service providers in the European Union also decreased earnings by EUR 8,828 thousand (previous year: 9,241 EUR thousand).

In the 2017 financial year, marketing expenses (advertising plus sponsoring) decreased to EUR 41,958 thousand as planned due to a lack of major sports events (previous year: EUR 43,956 thousand). In line with the increase in staff, personnel expenses rose by EUR 789 thousand, from EUR 17,282 thousand in the 2016 financial year to EUR 18,071 thousand in the 2017 financial year.

### B.3.2 Cash flows

As at 31 December 2017, the Group's cash flow was as follows:

	31/12/2017	31/12/2016
	EUR'000	EUR'000
Comprehensive income	32,375	31,363
Cash flows from operating activities	30,840	30,229
+ Cash flows from investing activities	28,955	26,884
+ Cash flows from financing activities	-52,635	-15,791
= Net increase (decrease) in cash from operating, investing and financing activities	7,160	41,322
= Cash and cash equivalents at the end of the period	97,261	90,101

Cash flows from investing activities include EUR 29.0 million from the full repayment of the short-term loans issued to the majority shareholder Mangas BAH SAS, Paris, a former group company of the majority shareholder Betclic Everest Group SAS, Paris, which incurred arm's length interest. The cash flows from financing activities reflect the dividend payment to the shareholders of the parent company.

Cash and cash equivalents of EUR 97,261 thousand boost the Group's excellent financial position as at 31/12/2017 in view of liabilities amounting to EUR 11,843 thousand and provisions to EUR 22,646 thousand. The Group was therefore able to meet its financial liabilities at all times.

### B.3.3 Net assets

As at 31 December 2017, the Group's financial position was as follows:

Assets	31/12/2017	31/12/2016
	EUR'000	EUR'000
Non-current assets	4,036	4,882
Current assets		
Receivables from associated companies	824	30,815
Other receivables and assets, prepayments and accrued income	17,939	17,829
Securities	0	1,748
Short-term deposits	4,588	0
Cash and cash equivalents	97,261	90,101
	<b>124,648</b>	<b>145,375</b>

The decrease in receivables from affiliated companies result from the full repayment of the short-term loans issued to the majority shareholder Mangas BAH SAS, Paris, a former group company of the majority shareholder Betclic Everest Group SAS, Paris, which incurred arm's length interest.

Equity and liabilities	31/12/2017	31/12/2016
	EUR'000	EUR'000
Group equity	89,311	109,571
Non-current liabilities (provisions)	47	108
Current liabilities (payables, provisions, accruals and deferred income)	35,290	35,696
	<b>124,648</b>	<b>145,375</b>

As of 31 December 2017, the equity ratio was 71.7% (previous year: 75.4%). The decrease in equity in absolute figures results from the distribution of a dividend in the amount of EUR 52,635 thousand in May 2017.

Current liabilities contain trade payables in the amount of EUR 1,758 thousand (previous year: EUR 460 thousand), current provisions in the amount of EUR 22,600 thousand (previous year: EUR 21,371 thousand), and other liabilities in the amount of EUR 10,085 thousand (previous year: EUR 13,234 thousand), which are primarily owed to customers.

Financing measures were not required during the 2017 financial year.

**B.3.4 Overall evaluation of the Group's situation**

The Group's economic position was very positive overall in 2017.

**C. EVENTS AFTER THE BALANCE SHEET DATE**

There were no material events after the end of the financial year.

**D. OUTLOOK, OPPORTUNITY AND RISK REPORT****D.1 OUTLOOK**

The bet-at-home.com brand is constantly expanded internationally in a cost-effective way through innovative marketing strategies. In accordance with regulatory developments in the respective countries, we are working intensively in all submarkets towards increasing our market.

Based on the assumptions and premises presented in Section B.1 above, the Management Board expects the following development in 2018:

Based on the current trends and assuming an unchanging regulatory and tax law environment in the financial year 2018, the Management Board expects gross betting and gaming revenues to increase to EUR 150 million.

The Management Board expects EBITDA to amount to EUR 36 million to EUR 40 million in financial year 2018.

The maximum number of employees in the Group should increase to around 320 persons by 31 December 2018.

**D.2 OPPORTUNITY REPORT**

The bet-at-home.com brand is continuously enhanced in the international market in a cost-effective way through innovative marketing strategies. In accordance with regulatory developments in the respective countries, we are working intensively in all submarkets towards increasing our market.

The development of the global online gaming market shows that the European market (EU 28) has made the largest contribution to growth in the past 10 years worldwide and is expected to continue generating annual growth rates of around 9%. This is confirmed by various studies by H2 Gambling Capital, also in 2017. According to recent studies, this trend will continue in the wake of broad-based acceptance of ecommerce 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.

Thanks to bet-at-home.com's strong brand presence and its firmly established position in the European market for online gambling, the Management Board is convinced it will continue to grow faster than the global industry, just as it has done in the past.

**D.3 RISK REPORT**

The Notes to Consolidated Financial Statements for the Period Ended 31 December 2017 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 have been no material changes since the reporting date.

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, measures and reported accurately in the consolidated financial statements. The policies also ensure that the accounting documents provide reliable and traceable information.

## **E. NOTES TO THE FINANCIAL STATEMENTS OF BET-AT-HOME.COM AG**

The financial statements of bet-at-home.com AG have been prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch; HGB) and the additional requirements of the German Stock Corporation Act (Aktiengesetz; AktG). Any deviations from the International Financial Reporting Standards (IFRS) to be applied in the consolidated financial statements are of an immaterial nature.

The management report of bet-at-home.com AG has been consolidated with the Group management report of bet-at-home.com AG Group. bet-at-home.com AG is the management holding company of bet-at-home.com AG Group and as such depends to a significant extent on the development of the bet-at-home.com Group in terms of business trend, position and expected development, including all related material opportunities and risks, which are disclosed in this summarised management report.

## E.1 FINANCIAL PERFORMANCE OF BET-AT-HOME.COM AG

	2017	2016	Change	
	EUR'000	EUR'000	EUR'000	%
Revenue	780	748	32	4.3
Other operating income	32	484	-452	-93.5
Ordinary operating income	812	1,232	-420	-34.1
Personnel expenses	1,982	2,054	-72	-3.5
Administrative expenses	1,080	1,033	47	4.5
	3,062	3,087	-25	-0.8
<b>Operating income</b>	<b>-2,250</b>	<b>-1,855</b>	<b>-395</b>	<b>21.3</b>
Income from investments	55,106	54,000	1,106	2.0
Interest received	654	2,370	-1,716	-72.4
Interest paid	97	493	-396	-80.2
<b>Net finance income</b>	<b>55,663</b>	<b>55,877</b>	<b>-214</b>	<b>-0.4</b>
<b>Earnings before taxes</b>	<b>53,413</b>	<b>54,022</b>	<b>-609</b>	<b>-1.1</b>
Income taxes	525	846	-321	-37.9
<b>Net income for the year</b>	<b>52,888</b>	<b>53,176</b>	<b>-288</b>	<b>-0.5</b>

The financial performance of bet-at-home.com AG is impacted by the high dividend payments of its subsidiary bet-at-home.com Entertainment GmbH, Linz, Austria. Revenue comprises income from the transfer of management service charges to subsidiaries.

Personnel expenses exclusively pertain to the two members of the Management Board of the Company.

Tax expenses exclusively refer to income taxes.

**E.2 NET ASSETS OF BET-AT-HOME.COM AG**

	31/12/2017		31/12/2016		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
<b>Non-current assets</b>						
Financial investments	3,771	5.2	3,771	3.9	0	0.00
<b>Current assets</b>						
Other assets, including accruals and deferred income	141	0.2	217	0.2	-76	-35.0
Receivables from associated companies	55,969	76.6	85,247	89.2	-29,278	-34.3
Cash and cash equivalents	13,168	18.0	6,394	6.7	6,774	>100
	69,278	94.8	91,858	96.1	-22,580	-24.6
	<b>73,049</b>	<b>100.0</b>	<b>95,629</b>	<b>100.0</b>	<b>-22,580</b>	<b>-23.6</b>

Net assets exclusively comprise the investment in bet-at-home.com Entertainment GmbH, Linz, Austria.

Receivables from affiliated companies in the amount of EUR 55,969 thousand contain the dividend of bet-at-home.com Entertainment GmbH, Linz, Austria, for 2017 in the amount of EUR 54,635 thousand.

**E.3 FINANCIAL PERFORMANCE OF BET-AT-HOME.COM AG**

	31/12/2017		31/12/2016		Change	
	EUR'000	%	EUR'000	%	EUR'000	%
Equity	70,179	96.1	69,926	73.1	253	0.4
<b>Current liabilities and provisions</b>						
Suppliers	28	0.0	5	0.0	23	>100
Associated companies	0	0.0	22,333	23.4	-22,333	-100.0
Provisions	1,987	2.7	1,538	1.6	449	29.2
Other current liabilities	855	1.2	1,827	1.9	-972	-53.2
	<b>73,049</b>	<b>100.0</b>	<b>95,629</b>	<b>100.0</b>	<b>-22,580</b>	<b>-23.6</b>

**F. RISK MANAGEMENT IN RELATION TO THE USE OF FINANCIAL INSTRUMENTS**

Freely available cash and cash equivalents were invested in fixed-income securities and shares in investment funds. The Management Board only decides to invest in securities in the event of positive earnings and growth forecasts associated with very good credit ratings of issuers. The Group believes that the risk relating to the use of these financial instruments is very minor.

**G. COMPENSATION REPORT**

**G.1 MANAGEMENT BOARD**

**Compensation structure**

The structure and amount of the emoluments of the Management Board are determined by the Supervisory Board. The company has refrained from setting up a separate HR committee as its Supervisory Board consists of three members and there is thus no need for such a committee.

The appropriateness of the compensation defined for the Management Board is regularly tested. This is based on the scope of tasks and responsibilities of the individual members of the Management Board and on other factors such as the size of the company, its net assets, financial position and results of operations as well as its development potential and prospects for the future.

Compensation for the members of the Management Board, insofar as it is paid in part by bet-at-home.com AG and in part by one of the subsidiaries, consists of the following:

- Non-performance-based components
- Performance-based annual bonuses with long-term incentives or based on multi-year assessment
- Fringe benefits

The granting and the amount of the individual components of compensation, in particular bonuses and other performance-based components, to the respective members of the Management Board are commensurate with the functions and tasks which they perform.

a) **Non-performance-based components:**

A fixed monthly salary is paid as a non-performance-based component.

b) **Performance-based annual bonuses with long-term incentives or based on multi-year assessment:**

The performance relationship of the annual bonuses is based on the key financial ratios taken from the consolidated financial statements. The gross betting and gaming revenue and earnings before interest, depreciation and amortisation (EBITDA) are used as a key performance indicator. Due to these parameters, target achievement is based on the targets set for several years in advance. The revenue and earnings targets are connected in such a way that both parameters must exceed a minimum target to lead together to entitlement to a bonus.

Instead of annual bonuses becoming payable in full after one financial year, part of the bonus is paid out if the performance targets set at the beginning of the first year are met in the following year as well.

Variable compensation is computed using a base amount and an achievement corridor of from 70% to 150%. The amount is therefore capped at 150%. Subsequent changes to the performance targets are excluded.

For a detailed description of the performance-related and non-performance-related compensation components, we explicitly refer to the disclosure of the management board compensation in the notes to the consolidated financial statements (Section VI.3 Related party transactions).

c) **Fringe benefits:**

One Group company also paid for one consulting service in the amount of EUR 280 thousand.

In 2017, the company furthermore assumed the costs of an accident insurance policy in the amount of EUR 1 thousand (previous year: EUR 1 thousand) for one of the members of the Management Board and carried the costs of the contributions due in accordance with the Austrian Corporate Employee and Self-Employed Pension Act (Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz, BMSVG) in the amount of 1.53% of gross compensation. No other fringe benefits, particularly company cars, were granted.

### Third-party benefits for members of the Management Board

In 2016, Betclic Everest Group SAS, the majority shareholder of bet-at-home.com AG, approved variable compensation for the members of the Management Board for the first time. Betclic Everest Group SAS is the sole payee of this compensation, which therefore does not place any financial burden on bet-at-home.com AG or its subsidiaries. The accrual and amount of this variable compensation is based on the price of the shares of bet-at-home.com AG exceeding a certain level at the end of 2016, 2017 and 2018 (basic allowance). An additional incentive for the members of the Management Board is to pay attention to the development of the share price. It is created by decreasing the percentage of compensation if the basic allowance is exceeded during the reporting period and that an agreed minimum dividend does not reduce the basic allowance. Contracts have been concluded to ensure that bet-at-home.com AG will not assume any liability in this respect, including for any taxes payable.

### Benefits and allocations granted in 2017

Please refer to the disclosures in the notes to the consolidated financial statements.

## G.2 SUPERVISORY BOARD

As resolved by the general meeting of shareholders on 17 May 2017, each member of the Supervisory Board receives, beginning from 1 January 2017, fixed remuneration of EUR 20,000 for each full financial year, which is payable one month after the end of the financial year.

The Chairman of the Supervisory Board receives fixed remuneration of EUR 40,000 p.a. In addition, reimbursement is given for the necessary out-of-pocket expenses and VAT.

The details of this compensation can be found in the notes to the consolidated financial statements.

## H. ADDITIONAL INFORMATION REGARDING THE RIGHT TO TAKE OVER (SECTION 315 (4) HGB)

The composition of the subscribed capital of the parent company and the investments in capital exceeding 10 out of 100 voting rights are stated in the notes to the consolidated financial statements (Section V.2 (16) and Section I.) as corresponding disclosures have to be included in this document.

The respective provisions of the German Stock Corporation Act (Section 84 AktG) apply to the appointment and recall of the members of the Management Board of the parent company.

The general meeting of shareholders on 18 May 2016 resolved to authorise the Management Board of the parent company, 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. The shareholders shall be invited to purchase new shares. However, the Management Board is authorised, upon approval by the Supervisory Board, to exclude the shareholders' subscription right in certain cases.

By shareholder resolution of 18 May 2016, the Management Board further may, with the Supervisory Board's consent, purchase treasury shares of up to 10% of share capital, i.e. up to EUR 701,800.00, until 12 May 2018. When pooled with other treasury shares, the shares to be purchased may never exceed 10% of the Company's share capital. The authorisation must not be exploited for the purpose of trading in treasury shares.

#### **I. CORPORATE GOVERNANCE STATEMENT**

With regard to the disclosures on the working methods of the Management Board and Supervisors Board and the compliance statement 2017 in accordance with Section 161 AktG, please refer to the website of the parent company, [www.bet-at-home.ag](http://www.bet-at-home.ag) under Corporate Governance.

In accordance with Section 76 (4) AktG, the Management Boards of companies that are listed or subject to co-determination must specify the target percentages of women on both executive levels below the Management Board. However, bet-at-home.com AG is unable to determine such targets as the company does not have any employees and/or executive levels below the Management Board.

In accordance with Section 111 (5) AktG, the supervisory boards of companies that are listed or subject to co-determination must specify the target percentages of women on the supervisory and management boards. When determining the targets for its composition, the Supervisory Board specified that one third of the Supervisory Board should be women. This target has been reached at present. The Management Board is currently comprised of two men. As none of the Management Board contracts are expiring in the near future and there are no plans to add further members to the Management Board, the company is currently not endeavouring to increase the percentage of women on the Management Board.

**J. NON-FINANCIAL REPORTING**

The business success of bet-at-home.com is reflected in financial and non-financial performance indicators. They pertain to existing and new registered users as well as technological developments. In the opinion of bet-at-home.com, these aspects are key components of a forward-looking positioning in the international competitive environment.

As at 31 December 2017, bet-at-home.com AG Group had a total of 4,828,694 (2016: 4,599,261) registered users. In financial year 2017, bet-at-home.com received 229,433 (2016: 330,550) new registrations.

The constant employee growth within the Group primarily occurs in the IT department each year due to the consistent advancement of the internally developed software. The high standards of functioning software based on state-of-the-art technology and internally developed innovations are among the key assets of bet-at-home.com. With regard to software development, the work performed by each employee is individually assessed and recorded by project teams to be able to sustainably plan and evaluate the IT project hours. In financial year 2017, around 218,000 project hours were spent on IT development (previous year: 204,000).

**K. RESPONSIBILITY STATEMENT**

We assure that to the best of our knowledge the Group management report provides a true and fair view of business developments, including the results of operations and situation of the Group, and that it describes the material opportunities and risks of future developments within the Group.

Düsseldorf, 23 February 2018

Franz Ömer

Michael Quatember



FK Austria Wien

# INDEPENDENT AUDITOR'S REPORT

Company Profile	Report by the Management Board	Report by the Supervisory Board	Corporate Governance Report	bet-at-home.com 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	Management Report	Independent Auditor's Report
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**INDEPENDENT AUDITOR'S REPORT****To bet-at-home.com AG, Düsseldorf****Report on the audit of the Consolidated Financial Statements and of the Combined Management Report****Audit Opinions**

We have audited the consolidated financial statements of bet-at-home.com AG, Düsseldorf, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1, 2017 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of bet-at-home.com AG, Düsseldorf for the financial year from January 1, 2017 to December 31, 2017. In accordance with the German legal requirements we have not audited the corporate governance statement according to § 289f HGB and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2017, and of its financial performance for the financial year from January 1, 2017 to December 31, 2017, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the corporate governance statement according to § 289f HGB and § 315d HGB.

Pursuant to § 322 para. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

## Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

## Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2017 to December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

We have organized our presentation of the key audit matter as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

**Regulatory risks with regard to the business of the Group****Matter and issue**

Unchanged to prior periods, the business model of the group is still subjected to risks regarding the regulatory admissibility of the services provided by the group in the areas of sports betting and eGaming. In specific countries, state-granted monopolies questioning the admissibility of the business of the group in general, contradict jurisdiction of the European Court of Justice, which is generally favorable for providers of such services. The European Court of Justice has – in its ruling dated September 8, 2010 – generally declined any discrimination against private providers of sports betting and eGaming in favor of state-owned monopolies but at the same time has accepted current legislation for a transitory period.

As far as legally possible, the group strives to obtain national licenses to mitigate risk with regard to the business of the group. The group currently provides its services on the basis of licenses obtained in Malta (and thus in the EU) and assumes that (based on the European principles of freedom of establishment and services) these are valid in all EU countries. The group has furthermore obtained national licenses in several EU countries.

Specific EU countries still attempt to prevent the group from offering its services by means of regulatory measures supported also by technical obstacles on the level of the internet service providers. As far as such technical interventions are successful, this affects the economic position of the group. As far as important markets are affected to a significant extent, this may potentially impair the financial position of the group. Generally, the group is convinced of the admissibility of its business based on EU law and will take legal action against any such restrictions.

**Audit approach and findings**

We are constantly monitoring the legal developments and jurisdiction in this area. During our audit, we have requested written evaluations from the external specialized legal consultants of the group. Extensive discussion with management to understand their assessment of the developments as well as consultation with the chairman of the supervisory board of bet-at-home.com AG (himself being a specialized lawyer) are complimented with our own research and evaluations.

We have verified that bet-at-home.com AG management permanently enables itself to competently evaluate the regulatory risks at all times and to be able to initiate necessary action by consulting external experts and maintaining an internal relevant reporting.

We have concluded, that management of bet-at-home.com AG closely monitors the regulatory risk and – as far as possible – strives to influence the developments in favor of the group. In our opinion, there are no current developments that would compromise the business of the group to an extent, where this would have to be further reflected in the group's accounting and reporting.

**Reference to further information**

A detailed description of the regulatory situation in the area of sports betting and eGaming as well as of the current developments is included in the notes to the consolidated financial statements in section VI.2. 1.

**Other Information**

Management is responsible for the Other Information. The Other Information comprises the Responsibility Statement with regard to the consolidated financial statements (§ 297 para. 2 sentence 4 HGB) and with regard to the combined management report (§ 315 para. 1 sentence 5 HGB) as included in the combined management report as well as the corporate governance report according to section 3. 10 of the German Corporate Governance Code. The Other Information also includes the Annual Report with the exception of the consolidated financial statements, the combined management report and our audit opinion.

Our audit opinions with regard to the consolidated financial statements and the combined management report do not extend to include the Other Information and we thus do not express an opinion or any other form of assurance thereon.

In connection with our audit, our responsibility is to read the Other Information, and, in doing so, consider whether the other information

- is materially inconsistent with the consolidated financial statements, the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

**Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report**

The executive directors of bet-at-home.com AG are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e para. 1 HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

#### **Further Information pursuant to Article 10 of the EU Audit Regulation**

We were elected as group auditor by the annual general meeting on May 17, 2017. We were engaged by the supervisory board on December 4, 2017. We have been the group auditor of bet-at-home.com AG without interruption since the financial year 2006.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the supervisory board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

**Auditor responsible for the Engagement**

The auditor responsible for the engagement is Thomas Pannenbäcker.

Duisburg, February 23, 2018

PKF FASSELT SCHLAGE  
 Partnerschaft mbB  
 Wirtschaftsprüfungsgesellschaft  
 Steuerberatungsgesellschaft  
 Rechtsanwälte

Th. Pannenbäcker  
 German Qualified Auditor

Dr. Harrison  
 German Qualified Auditor



SV Ried



**SPORT - CASINO - VEGAS - VIRTUAL - POKER**

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