

bet-at-home.com AG

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

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, Betclic 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.